NUMBER 14 · MARCH 1961

NATIONAL INSTITUTE ECONOMIC REVIEW

This is a two-monthly review.
Every January the Review presents a full-length general survey of the economic situation.
Other issues contain a short general survey followed by special articles on topical economic problems and studies of underlying trends.

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SUMMARY

The economic situation

The home economy

A moderate expansion can be expected in 1961. Industrial activity may have reached its low point in January, and the demand for labour seems to be rising fractionally. But, since stock-building continued at a very high rate right through last year, reduced stock-building will probably prevent any large rise in output in the first half of the year. It is unlikely that the Budget will be used to stimulate expansion ; a neutral one is probable.

Consumers' expenditure may now be rising again, helped by the sharp recovery in car sales ; consumer spending (in real terms) was no greater at the end of last year than at the beginning, in spite of a substantial rise in real incomes. Personal savings rose considerably, as the increase in consumer credit fell away. The change in *Government expenditure* in 1961/62 is likely to be small. It could be roughly covered by the higher tax revenue at current tax rates. The main impact of the new rates of National Insurance contributions and benefits will be felt by firms, which will contribute some £130 million more a year ; the net effect on consumers' disposable income will be small. The *investment* boom continues—with particular pressure on the construction industry (the only industry whose hours rose last year). Industrial demand for outside finance for investment will probably be at least as great in 1961 as in 1960.

In 1960 wage earnings rose much faster than wage rates, although output was not rising. Labour costs per unit of output have been rising since April and are now likely to push up prices of services and manufactures. The sharp fall in import prices of certain foods may give some relief to the retail prices index.

Developments abroad, and the balance of payments

The economies of the principal countries in *Western Europe* are expected to grow less rapidly than last year. Prices generally may rise faster in *Western Germany* this year because of increased labour costs, and this year falling food prices may not provide as much relief as last. The *United States* recession has probably touched bottom ; the main reason for the fall in output has been the fall in investment in stocks, which can hardly continue much longer. *Primary producing countries'* imports are now levelling out ; primary product prices are 7 per cent below a year ago.

The German and Dutch revaluations will help to remedy the major disequilibrium in world payments. The 5 per cent revaluation should, through its effect on exports and on imports, reduce Germany's overall surplus and Britain might gain something of the order of £50 million in exports. Exports have been rising since last summer but imports continue at a very high rate. It seems unlikely that Britain can hope to do much more than balance her current account this year. The sterling area as a whole will probably have a substantial deficit on current and long-term capital account together.

Britain's falling share in sterling area imports

Since 1954 Britain's share in exports of manufactures to non-sterling markets has changed little; it is her share in sterling markets that has fallen so fast. It is difficult to quantify the reasons. The fact that sterling area countries now discriminate less in Britain's favour helps to explain United States and Japanese gains, particularly in 1960. But the Common Market countries have gained most, and there was little discrimination against them even in 1954. Britain's share has tended to fall particularly fast, as in 1960, when sterling area imports rose most rapidly—suggesting inadequate capacity to meet fast rising demand.

Britain's exports are still heavily concentrated in sterling area markets. She probably has less chance of keeping her present share there than of increasing it elsewhere. But there are still strong links with Commonwealth countries, of which greater advantage might be taken.

The burden of taxation: an international comparison

Taxation in Britain is not exceptionally heavy, compared with other European countries. The proportion of her income taken in tax and the division of taxes between direct taxes, taxes on corporations and indirect taxes are both near to the European average. Only those earning more than £10,000 a year are more heavily taxed in Britain than in the other countries examined in detail. Britain does tax the working wives of middle class and wealthy men exceptionally heavily and here there seems to be a case for reform.

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A calendar of economic events in 1960 *is given on pages* 62 *to* 65.

THE ECONOMIC SITUATION

It still seems probable that the rise in output which can be expected in 1961 will be retarded for a while by reduced stock-building, in reaction to the heavy stock accumulation in 1960. Nevertheless, final demand is probably buoyant enough now to result in some expansion during the first half of 1961. British exports, which show signs of expanding rather faster than might have been expected, should benefit of some extent later in the year from the revaluation to the German mark ; but the balance of payments is likely to remain in substantial overall deficit—a situation the more serious after the heavy deficit of 1960. Budgetary policy is therefore unlikely (see page 14) to be expansionary.

HOME

Industrial activity

Last year national output stopped rising in the spring, and fell a little in the fourth quarter. This drop was largely brought about by the steep fall in output of cars, while output of capital goods was rising steadily. Industrial production in the three months from November to January was nearly 1½ per cent below the plateau established between April and October 1960. What few indications there are suggest that the general level of industrial activity may now be rising a little.

Car output fell in January to its lowest point since 1956, with production at an annual rate (seasonally adjusted) of 750 thousand. The sharp fall in production occurred in spite of a slight rise in exports over the fourth quarter rate and a substantial rise in the rate of new registrations at home. It appears, therefore, that there was a very large reduction in stocks of cars in January, and also in February as well (table 1).

Home sales of cars recovered strongly in February, partly because of the relaxation of hire purchase terms ; output, however rose only fractionally. For household durables, sales have not yet revived and stocks are still rising : output, however, does not seem to have been cut back further.

Two months ago, the *Economic Review* expected that rising final demand would do little more than offset a fall in stock accumulation during the first half of 1961. There are no firm figures, but the results of the Federation of British Industries' Industrial Trends Inquiry, conducted at the end of January, suggest that stock accumulation by manufacturers had not by then begun to fall (except possibly in raw materials).

A series of charts (charts 1-11, page 16) displays the trends shown by the FBI's inquiries over the past three years. For each item, the chart shows the trend of the ratio of the number of firms reporting an increase (in output, stocks, orders, and so on) to

Table 1. Production and sales of passenger cars

Thousands, not seasonally adjusted

	Production	Exports	Imports	Home supply (1 + 3 − 2)	New registrations	Apparent stock change (4 − 5)
	(1)	(2)	(3)	(4)	(5)	(6)
1959 I	258.3	119.2	4.0	143.1	147.2	− 4.1
II	315.5	163.3	6.2	158.4	183.7	− 25.3
III	253.6	130.2	6.0	129.4	139.9	− 10.5
IV	362.6	156.3	10.9	217.2	176.0	+ 41.2
1960 I	392.7	184.9	17.4[b]	225.2	224.2	+ 1.0
II	405.3	179.2	25.1	251.2	247.6	+ 3.6
III	311.6	115.6	8.9	204.9	195.8	+ 9.1
IV	243.1	90.2	6.0	158.9	139.1	+ 19.8
1960 Jan.[a]	384.4	186.8	16.5	214.1	213.1	+ 1.0
Feb.[a]	371.8	171.7	20.7	220.8	191.1	+ 29.7
1961 Jan.[a]	194.3	95.2	4.2	103.3	169.0	− 65.7
Feb.[a]	196.4	81.4		*119.2*	183.2	*− 64.0*

Source : *Monthly Digest* and *Trade and Navigation Accounts.*

(a) Includes taxis and chassis.
(b) At quarterly rates.
(c) From 1960 I imports exclude chassis.

Table 2. Unemployment and unfilled vacancies in Great Britain

Thousands, seasonally adjusted

	1960						1961	
	Jan.	April	July	Oct.	Nov.	Dec.	Jan.	Feb.
Wholly unemployed	381.0	353.6	329.2	313.2	314.3	309.9	299.8	285.8
Temporarily stopped[a] ..	12.3	10.0	10.2	15.3	24.0	42.3	59.0	47.9
School leavers[a]	15.8	14.2	5.2	4.6	2.3	1.3	7.8	2.8
Total unemployment	409.1	377.8	344.6	333.1	340.6	353.5	366.6	336.5
Unfilled vacancies	281.1	300.4	331.8	331.6	328.6	318.4	316.6	322.2

Source : *Ministry of Labour Gazette* (Ministry of Labour's seasonal adjustments).
(a) Unadjusted.

those reporting a decline. This way of looking at the results of the inquiry appears generally to conform with the trends as shown subsequently by the corresponding official statistics (whereas the simple majority of ' ups ' over ' downs ' quite often does not). For total industrial output, the trend of the proportion of ' ups ' to ' downs ' in fact gave clear advance warnings of the last two turning points in the official index of production. The inquiry made in January 1961, looked at in this way, suggests that output will, at worst, not have turned down in the first quarter. The trend of new orders suggests that there is not yet any marked recovery in domestic markets, although the trend of export orders shows a definite improvement (charts 6 to 8). The degree of optimism about the general business situation chart 1), although declining throughout 1959 when the level of output was roughly stable, began to improve in early 1961. And although the FBI do not publish the replies to the requests for direct forecasts of the situation, they state that ' the detailed expectations give some hope that this trend [of lessening optimism] may be halted '.

The labour market

The pressure on the labour market was relieved slightly towards the end of last year. So far this year, the pressure has not lessened further ; it may even have increased a little.

Total employment hardly changed between October and January (the latest month for which estimates are available) after rising slowly during most of last year. At the beginning of 1961, employment was about 1½ per cent higher than a year before—about the same increase as that in total output ; average hours worked, as shown below, probably fell by about 1 per cent over the same period.

Unemployment followed a similar trend. The number wholly unemployed, seasonally adjusted, levelled out at about 310 thousand (1.4 per cent) in the fourth quarter of 1960, after falling slowly earlier in the year. In January, and again in February 1961, the downward trend was resumed (table 2). The numbers recorded as temporarily stopped were increasing sharply from October to January, mainly because of short-time in the motor industry ; in February, they too were reduced.

Wages, costs and prices

Despite almost stable output during the past twelve months, average weekly wage earnings have probably risen as fast as during the previous year of rapid expansion. Wage rates rose sharply at the end of 1960 and in early 1961. This has meant a fairly steep increase in labour costs.

Weekly wage rates, after some months of stability, rose 1 per cent in December, mainly because of the 4½ per cent settlement in engineering ; they rose another 1 per cent in January when there were increases in agriculture and several smaller trades. In addition there were reductions in hours of work notably in mining and textiles. The 1961 wage round is now well under way.

During last year, earnings were rising considerably faster than wage rates. The result of the inquiry into earnings in October 1960 shows a rise of 6½ per cent in earnings for men since a year before, while wage rates rose 2¼ per cent. Perhaps a further 2 per cent increase can be explained by a net increase in overtime worked (partly because of the reduction in standard working hours). More than 2 per cent was due to ' wage drift '. In the first part of the period, output was rising. But wage drift continued, as table 3 shows, between April and October 1960 when output was stable.

Table 3. Wages and earnings in manufacturing

Adult workers, per cent changes on six months earlier

	April 1959		October 1959		April 1960		October 1960	
	Men	Women	Men	Women	Men	Women	Men	Women
Weekly earnings	2.4	2.4	3.5	2.7	4.2	2.5	2.3	2.1
Overtime effect	1.1	0.8	1.8	0.8	1.3	− 0.8	0.6	0.5
Weekly wage rates	0.4	0.5	0.4	1.1	1.5	2.1	0.8	0.8
Unexplained earnings change .. (or 'wage-drift')	0.9	1.1	1.3	0.8	1.4	1.2	0.9	0.8

Source : *Ministry of Labour Gazette* and NIESR estimates.

In the few industries where output was seriously depressed, there were only small increases, and some declines, in earnings. Whereas in most groups weekly earnings rose between 6 and 8 per cent in the year ending October 1960, in the motor industry and in domestic appliances there were reductions, and in furniture only a small increase (table 4).

In most industries, a substantial part of the rise in earnings can be explained only by ' wage drift '. Thus in metal manufacture, shipbuilding and chemicals, only a small part of the greater increase in earnings than in wage rates seems to have been due to a rise in the amount of overtime worked. Indeed, in industries where the increase in wage rates was lower than average, a tendency for greater ' wage drift ' seems to have been part of the reason for the broad uniformity in the increase in earnings.

Most industries negotiated reductions in the standard working week during 1960. Most commonly the reduction was of 2 hours, or about 4 per cent. In fact, actual hours worked (as table 4 shows) were reduced as much as this only in the industries where output fell off substantially—the consumer durable trades. But in nearly all industries there was some reduction in actual hours worked. The exception is the building industry, where because of the pressure of demand hours worked increased by 1 per cent.

Because earnings were rising while output per worker was falling, labour costs per unit of manufacturing output rose at a quarterly rate of 2.7 per cent between April and October last year. But the price of basic materials and fuel used in manufacturing fell by 1 per cent a quarter. Total costs per unit of output thus rose less than 1 per cent a quarter. As prices of manufactures increased at a quarterly rate of 0.5 per cent over the same period, there does not seem to have been any marked pressure on profit margins.

Since October there have been no further changes in the price of basic materials or fuel. Wage rates, on the other hand, increased sharply between October and January. If this increase had been reflected in rising earnings, labour costs per unit of output would have risen at a quarterly rate of about 3 per cent. Thus total costs per unit of manufacturing output probably rose faster than last year, perhaps by 1½ per cent a quarter. The price index of the output of manufacturing industry has risen by only ½ per

Table 4. Weekly earnings, wage rates and hours worked

Percentage increase, adult male workers

	October 1959 to October 1960		
	Wage earnings	Wage rates	Hours worked
Vehicles	2.2	2.8	− 5.7
of which : Motor vehicle manufacture ..	*− 2.0*	..	*− 8.4*
Aircraft manufacturing and repairs	*8.9*	..	*− 1.7*
Timber, furniture, etc. ..	4.3	4.1	− 2.3
of which : Furniture and upholstery ..	*1.4*	..	*− 5.3*
Paper, printing and publishing	4.7	1.4	− 0.4
Leather, leather goods and fur	5.9	1.7	− 0.2
Metal manufacture	6.3	0.3	− 1.1
' Other manufacturing industries '	7.1	4.7	− 2.2
Construction	7.1	3.9	1.0
Textiles	7.2	5.7	− 1.2
Bricks, pottery and glass ..	7.2	3.4	− 0.2
Clothing and footwear ..	7.4	2.0	− 0.5
Shipbuilding and marine engineering	7.6	0.6	− 1.7
Engineering and electrical goods	8.1	1.1	− 1.5
of which : Domestic electric appliances ..	*− 0.4*	..	*− 4.1*
Food, drink and tobacco ..	8.7	2.9	0.0
Chemicals and allied industries	8.8	3.0	− 2.3
Gas, electricity and water ..	11.1	6.9	− 2.5
All manufacturing	**+ 6.7**	**+ 2.4**	**− 1.7**

Source : *Ministry of Labour Gazette*, April 1960 and February 1961 ; ' Manchester ' wage rate indices for the separate industry groups were kindly supplied by Mr. J. R. Crossley.

cent since October, so that profit margins may have fallen a little. This interpretation is confirmed by the FBI Inquiry (charts 3 to 5).

Retail prices have been rising slowly for some months. The main factors recently were the increase in fuel prices in November and in certain food prices in December. Increasing wages are likely to push up the prices of services and the prices of manufactures are also likely to rise. There may, however, be some relief in the earlier part of this year from the recent sharp fall in import prices of certain foods : the NIESR index of current prices of imported foods was 7 per cent lower in February than in November 1960—mainly because of the lower cost of meat, butter, coffee and cocoa. Together with the normal summer fall in prices of home-produced foods, this might be enough to keep the whole index fairly stable for some months.

Consumers' expenditure

The striking feature of last year was the stability of the total volume of consumers' expenditure throughout the year. In the fourth quarter it was no greater than at the beginning of the year. (Most of the 4 per cent increase in disposable income was saved.) The fall in expenditure on durables during the year was accompanied by little change in expenditure on non-durables—except for clothing, where the value of sales rose about 5 per cent.

In January 1961, retail sales stayed at the fourth quarter level and in February they rose 1 per cent (after seasonal adjustment). Sales of household durables seem to have levelled out in early 1961 ; the easing of hire purchase restrictions does not seem to have brought about more than a minor increase in sales.

The hire purchase changes, however, have been followed by a significant increase in car sales (which are not included in the figures of retail sales). Home registrations—with a very rough seasonal adjustment—rose to 58 thousand in January and 73 thousand in February from the trough of 50 thousand a month in the fourth quarter. The February figure shows a return to the peak level of the first half of 1960 (although lower exports are still holding back total car output). This marked recovery in car sales may now be contributing to a new rise in the volume of total consumers' expenditure.

Government expenditure and revenue

The Estimates for 1961-62 imply a significant rise in Government expenditure compared with this financial year. Much of the increase on the civil side appears to be due to rising transfer payments, and to pay increases which have already come into force. There will also be some increase in capital expenditure—mainly for roads—but very little change in the Government's real current expenditure on goods and services. The Estimates allow for a fall in numbers in the Forces, but the bill for their pay and also for the rest of defence expenditure will not change significantly. In total, therefore, Government real expenditure on goods and services will change little from its present level.

The above-the-line surplus in the financial year 1960-61 is likely to prove much smaller than in 1959-60, and in the absence of tax changes it is not likely to be significantly greater in 1961-62 ; the normal buoyancy of the revenue in a period of rising incomes and expenditure should roughly offset the rise in expenditure foreseen in the Estimates. The overall budgetary position will be somewhat strengthened in the coming financial year by increased receipts by the National Insurance funds.

The net effects on households' disposable income from the changes in National Insurance contributions and benefits which are due in April, and the changes in National Health Service contributions due in July, will be very small. The main burden will fall on firms, who will be contributing approximately £130 million more a year. This can be expected to increase the squeeze on profit margins and so encourage price rises, but it is doubtful whether it will have much effect on final expenditure or output in 1961.

Government financing

The large-scale inflow of funds from foreign countries in 1960 must have played a significant part in the financing of the public sector. The banking sector of the British economy (which includes the discount houses) reduced its holdings of gilt-edged securities by £375 million and of Treasury bills by £468 million in the first nine months of 1960. Yet total holdings of gilt-edged were hardly reduced, and Treasury bill holdings went down by only £144 million (see table 5) ; there is reason to think that the bulk of the purchases which offset the banks' sales were financed either directly, or through the medium of other financial intermediaries, by foreign money. In addition, rising yields may have encouraged significant domestic purchases of gilt-edged securities. These movements resulted in a certain amount of funding during the second and third quarters of 1960, mainly in the third quarter. In view of the continued inflow of foreign money, funding may well have continued subsequently.

The forces operating on the market for Government debt must by now have changed. Bank sales of gilt-edged fell off after the middle of 1960, but sales by the London clearing banks still amounted to £85 million in the first three months of this year. The

Table 5. Government borrowing from the public

£ million

	1958	1959	Jan.-Sept. 1959	Jan.-Sept. 1960
Marketable debt				
Stocks :[a]				
Banking sector[b] ..	+126	−443	−332	−375
Private and overseas sector	+ 15	+138	+167	+361
Net total	+141	−305	−165	− 14
Treasury bills :[c]				
Banking sector[b] ..	−221	+ 68	−233	−468
Private and overseas sector	+252	+ 76	+122	+324
Net total	+ 31	+144	−111	−144
Net marketable debt..	+172	−161	−276	−158
Non-marketable debt				
Small savings	+197	+358	+297	+235
Tax reserve certificates..	+ 23	− 26	− 82	− 59
Net non-marketable debt	+220	+332	+215	+176
Total borrowing from the public	**+392**	**+171**	**− 61**	**+ 18**

Source : *Monthly Digest of Statistics.*

(a) Figures for 1958 and the first quarter of 1959 include changes in the holdings of gilt-edged stocks by the Banking Department of the Bank of England (as well as those by the Issue Department and the National Debt Commissioners).

(b) London clearing banks, Scottish banks, and discount houses. Other groups of banking offices in the United Kingdom are included in the private and overseas sector.

(c) Figures for 1958 and the first quarter of 1959 include changes in the Treasury bill holdings of the Banking Department.

reductions in the banks' holdings of gilt-edged may be expected to slow down further : the ratio of investments to deposits is not likely to fall much more.

On the other hand, there may be sales of gilt-edged from two quarters : by foreign holders, in so far as they have held their funds in bonds and now withdraw them again in any outflow of funds, and by private domestic holders, who will be given new freedom to switch into equities when the Trustee Investment Act comes into force. These two forces may tend to maintain or raise long-term interest rates, even if sales by the banks cease.

The overall deficit of the public sector is unlikely to change much ; the Government's borrowing needs must now have been reduced by the cessation of the inflow of foreign funds and the consequent check to the reserves and will be reduced further if there is an outflow of funds.

Fixed investment

The investment boom continues. There are only a few reports of rephasing of investment projects (for example, by manufacturers of car components). In manufacturing industry, capital expenditure in the fourth quarter was slightly less than the very high figure in the third[1], but about a third higher than a year before.

Pressure of demand on the construction industries is leading to shortages of skilled labour and delivery delays for materials (this was the only industry where hours worked rose last year—table 4). From 1958 to 1960, investment in construction rose by about a quarter in volume, while investment in plant, machinery and vehicles rose only about 10 per cent (table 6). Since the end of 1959, the inflow of new orders to contractors has substantially exceeded the work done ; it was still 10 per cent greater in the fourth quarter of 1960.

Table 6. Fixed investment by type of asset

Index numbers (1954 prices) : 1954 = 100

	Building			Plant, machinery and vehicles	Total investment
	House building	Other	Total		
1954	100	100	100	100	100
1955	90	110	101	110	105
1956	87	126	107	114	110
1957	84	134	109	121	115
1958	79	138	109	122	115
1959	89	147	119	124	121
1960[a]	99	171	136	134	135

Source : *Appendix, table 9.*

(a) Partly estimated.

Construction (apart from house building) has indeed been rising faster than other forms of investment since the mid-fifties. The main reasons are the increasing volume of constructional work in the public services (including roads and schools), on the railways, and in distribution and service trades. Until 1958, the load on the building industry was relieved by the fall in house building. In the last two years, however, house building has also been rising fast.

On present plans, total investment in construction will increase again in 1961 ; the increase may, however, be distinctly less than in 1960, mainly because house building is unlikely to increase greatly.

[1] In the third quarter of 1960, there was an abnormal cluster of expenditures in the steel industry (associated with the ending of companies' financial years) which may not have been wholly smoothed out by the seasonal adjustments.

Table 7. Building societies : net saving and lending

£ million

	Net new saving in shares and deposits	Net new lending on mortgages	Funds available under House Purchase Act	Excess of saving over lending[a]
1959 I ..	77	37	—	+40
II ..	66	59	—	+ 7
III ..	55	68	}15	}+16
IV ..	76	62		
Year ..	274	226	15	+63
1960 I ..	59	58	9	+10
II ..	52	66	9	− 5
III ..	42	65	10	−13
IV ..	65	60	13	+18
Year ..	218	249	41	+10

Source : NIESR estimates based on information provided by the Building Societies Association and the Halifax Building Society.

(a) On the assumption that building societies have reborrowed from the Treasury the full amount to which they are entitled under the House Purchase Act.

In 1960, the rising level of house building—confined to private building—was supported by increased lending by the building societies (table 7). Net new lending by the building societies was 10 per cent higher in 1960 than in the year before, but there was little increase during the year. The inflow of new saving through shares and deposits was not stimulated by the small increase in interest rates during the summer. Lending was maintained partly by drawing on reserves accumulated in 1958 and 1959, and partly by funds borrowed under the House Purchase Act against pre-1919 dwellings. The building societies may be able to keep up the previous rate of lending for some time, but can hardly afford to increase it. Although there is still a large unsatisfied demand for mortgages, and although the societies may give preference to loans for new houses, the limitation of funds will probably set a limit to the further rise in private house building.

The strength of the market for existing houses, and the rise in their prices, especially in London, do not necessarily indicate rising demand for new houses. The rise in prices is, it appears, largely the result of a shortage of building land. The high price of land also increases the cost of new houses. At the same time, the high price of existing houses discourages the demolition of old property and its replacement by new.

Financing industrial investment

The rise in the gross profits of companies in 1960—they probably rose by about £250 million or 7-8 per cent—must have been wholly absorbed by rising dividends and taxes. The rise in fixed investment and the much larger increase in investment in stocks together probably amounted to £550-£600 million in 1960. Outside sources of finance increased much less than this : capital issues rose by less than £100 million (excluding financial companies) and the increase in banks' lending to companies in 1960 was about £50 million more than the increase in 1959. On balance, companies must have added less to their investments and cash, or reduced net trade credit.

This year, profits are not likely to increase much and the expected further increase in fixed investment may well offset a reduction in stock accumulation. The industrial demand for outside finance should therefore be at least as great as in 1960.

Investment in stocks

The addition to stocks in the fourth quarter of 1960 was the highest ever estimated (table 8). In manufacturing, stocks of finished goods continued to rise ; the rise in stocks of materials was relatively small. Stock accumulation in the wholesale trades was substantial, but retail stocks fell for the second quarter running, which suggests that retailers were continuing to push the burden of abnormal stock-holding on to manufacturers.

The results of the FBI Inquiry (charts 9 to 11) give the same impression : that in late 1960 and also early 1961, the rate of stock-building of finished products was maintained and perhaps even increased, although stock-building of raw materials and work in progress tended to decline.

Table 8. Stock changes in manufacturing and distribution

£ million, 1954 prices, seasonally adjusted

	Manu-facturing	Distribution		Total
		Wholesale	Retail	
1957 ..	+172	+48	+40	+260
1958 ..	+ 49	+20	+15	+ 84
1959 ..	+ 56	− 6	+44	+ 94
1960 ..	+457	+65	+34	+556
1960 I	+ 52	− 3	+28	+ 77
II	+112	+13	+32	+157
III	+145	+29	−21	+153
IV	+148	+27	− 5	+170

Source : *Appendix, table* 11.

Table 9. Analysis of stock-building of imported commodities[a]

£ million, 1954 prices

	1959 Year	1960			
		I & II	III	IV	Year
Food	**− 6.0**	**+13.5**	**−21.7**	**+18.8**	**+ 10.5**
Tobacco	**− 4.0**	**−13.3**	**+ 6.2**	**+17.3**	**+ 10.1**
Industrial materials	**−11.0**	**− 1.1**	**+50.5**	**+12.5**	**+ 61.9**
of which :					
Textile materials	+ 6.2	− 7.0	+ 4.1	−11.7	− 14.6
Softwood ..	− 5.5	−10.2	+15.5	+ 9.2	+ 14.4
Woodpulp ..	− 3.8	+ 1.2	+ 2.8	+ 2.5	+ 6.4
Iron ore ..	+ 4.8	+ 2.0	+ 6.4	+ 1.1	+ 9.5
Copper ..	+18.1	+15.8	+17.6	+ 6.9	+ 40.2
Newsprint ..	− 2.2	+ 1.0	+ 0.7	+ 0.6	+ 2.3
Other materials	−28.6	− 3.9	+ 3.4	+ 3.9	+ 3.7
Crude and refined petroleum ..	**+37.2**	**+ 9.9**	**+13.3**	**− 1.7**	**+ 21.5**
of which :					
Fuel oil ..	+ 4.6	+ 2.2	+ 8.9	+ 0.6	+ 11.7
All other ..	**+32.6**	**+ 7.7**	**+ 4.4**	**− 2.3**	**+ 9.8**
Total[a] ..	**+16.2**	**+ 9.0**	**+48.2**	**+46.8**	**+104.0**

Source : Appendix, table 14 and NIESR calculations.

(a) The figures refer to identifiable stock changes only. The method of calculation was explained in a special article on pages 36 and 38 of the *National Institute Economic Review*, no. 1, January 1959.

Stocks of imported commodities continued to increase as much in the fourth quarter as in the third. A large part of the total increase, which was nearly £50 million (at 1954 prices), was due to the normal seasonal movements in foodstuffs (notably sugar and tea) and tobacco. But there also appear to have been moderately heavy increases, amounting in total to some £15 million in stocks of imported materials ; the main items were softwood, woodpulp and copper (table 9).

Imports

In the first two months of 1961, the value of imports was at the same level as in the fourth quarter, and 3½ per cent above the corresponding period a year ago. January imports were at a record high level, but in February they were ¾ per cent below a year earlier. This decline may have been the result of reduced imports of materials for stock. The detailed figures for January suggest that considerable stock-building of imported commodities was still taking place in that month. Nevertheless, much of the explanation of the high level of imports lies in factors which are likely to persist. Food imports do not appear to be out of line with consumers' expenditure on foodstuffs. Imports of fuel and finished manufactures, which show the biggest percentage increases over a year ago, suggest that the marked switch in expenditure on these items towards imports has at least been maintained and is probably continuing. Among finished manufactures, arrivals of all the main categories, except ships and cars, were higher in January than a year ago. The increase was most remarkable in investment goods ; arrivals of machinery and metal goods (other than vehicles) were 42 per cent higher in January than a year earlier. Among consumption goods, clothing imports once again increased considerably.

Exports

In the first two months of 1961, the value of exports (seasonally adjusted) was 6 per cent higher than in the fourth quarter of 1960, and about 2 per cent higher than in the previous peak in the first quarter of 1960. Some of the high level of exports in January may have been the result of the delayed effects of the October dock strike and it may also be that the seasonal adjustments now give an unduly favourable view of the early months of the year ; nevertheless it is clear that there has been an unexpectedly encouraging recovery in exports from the trough in the summer of 1960.

Between the third and fourth quarters of 1960, the recovery in exports (seasonally adjusted) was largely based on goods not classified as manufactures, including foods and basic materials. Machinery exports also did well but chemical exports rose only fractionally, while textile exports fell by over 2 per cent and transport equipment by over 6 per cent. In January, machinery and basic materials continued to do well ; both increased 18 per cent in value over the fourth quarter. Iron and steel exports increased by 13 per cent. Most of the increase in exports in January went to the overseas sterling area (notably Australia, India and Pakistan) and to other primary producers outside Latin America.

Provisional figures for the fourth quarter of 1960 suggest that the United Kingdom's share in world trade in manufactures was still declining. From the third to the fourth quarter it fell from about 15½ per cent to about 15 per cent ; this compares with 16.6 per cent in the final quarter of 1959.

ABROAD

The German revaluation

The last issue of the *Economic Review* suggested that there was a major disequilibrium in the world payments situation ; and suggested that currency realignment was desirable to remedy it. The 5 per cent revaluation of the German mark and the Dutch

guilder go some way to remedy the situation. For a full remedy, it is probable that a German revaluation of 10-15 per cent together with some revaluation by most other Common Market countries, would have been necessary. But for the time being, it seems unlikely that there will be further exchange rate changes, whether on the part of 'surplus' countries like Germany or 'deficit' countries like the United Kingdom.

It is possible to give some very broad indications of the kind of effect on the world payments situation that can be expected from the German and Dutch revaluations. In 1960, Germany's visible exports were around £4,100 million and her imports around £3,600 million. Germany's exports compete closely with the products of many countries which have not revalued, so it can be expected that the change in the relative prices of her goods and those of her competitors will have a significant effect on the future trend of her exports. Moreover, German imports of manufactures are likely to increase faster than they would otherwise have done. There is no doubt that some German manufacturers will be able to squeeze their profit margins, in particular in order to protect existing markets; nevertheless, there is a limit to which this is possible, particularly for a country which has already followed a forceful export policy and where domestic costs are tending to rise. It would therefore be surprising if the 5 per cent revaluation did not reduce the volume of German exports by 10 per cent below what it would otherwise have been.[1] The value of her exports expressed in foreign currency (after taking account of the higher average prices she will get for her exports) might thus fall at least 5 per cent below what they would have been. Such a change would still imply that German exports would continue to grow; their remarkable expansion is likely to be stimulated by tariff cuts within the Common Market and by the increased long-term capital outflow from Germany, much of which is likely to finance the purchase of German goods.

On balance, therefore, German exports are likely to keep growing, but this year they may grow markedly more slowly. Germany is also likely to import more, particularly manufactures; the main beneficiaries will probably be France, Italy and Belgium, who have not revalued, and who are enjoying the tariff cuts taking place within the European Economic Community. The total effect might be to make Germany's current balance £150-£250 million a year less favourable than it would otherwise have been. This would not remove the overall surplus (that is, the current balance and the balance of long-term capital movements), which has averaged £300 million in recent years[2] and has probably been trending upwards, but it may substantially reduce it. The effect on the Netherlands might be expected to be similar: the revaluation is unlikely to wipe out the overall surplus—which has been averaging about £75 million—but it could halve it.

Some estimate can be made of the extent to which the balances of payments of the other industrial countries would be relieved. If the German and Dutch payments positions worsen to the extent suggested, it is reasonable to expect that the net gains to the balances of payments of the other major exporters of industrial goods will be of the order of £200-£300 million.

The United Kingdom accounts for over one-fifth of the exports of manufactures of the major countries other than Germany and the Netherlands, while the United States accounts for over a quarter. If the benefits were equally shared, therefore, it might be expected that British exports would be at least £50 million higher (at annual rates) than they would have been in the absence of the revaluations. In fact, the benefits are unlikely to be very evenly shared since German and Dutch exports are heavily concentrated on Western Europe and since some countries are better established than others in the German and Dutch home markets. On balance, it seems likely that the United Kingdom can achieve her share of the benefits, but the United States (whose West European markets are relatively less important) may not; in practice, the United States may not benefit much more than the United Kingdom. It should be emphasised that estimates such as these cannot be accurate, but they do suggest likely orders of magnitude.

The West European economy

The reduced competitiveness of German goods in world markets as a result of revaluation is likely to be reinforced by internal price inflation; the recent price rises have largely been concentrated on industries which have a large share in total exports. In 1961, a further substantial rise in labour costs appears probable and the pressure of rising wages is unlikely to be offset by large falls in food prices, as happened in 1960. The increasing shortage of labour will probably contribute to the rise in wages and prices. On the other hand, import prices will fall and a slowing down of export expansion will relieve the

[1] The price elasticity of demand for exports of a country such as Germany is very uncertain. The text implies it is at least 2. Some experts would put the figure much higher than this.

[2] *National Institute Economic Review*, no. 13, January 1961, table 12, page 17.

Table 10. United States : changes in the gross national product

$ billion, current prices, annual rates, seasonally adjusted

	1960			
		Change over previous quarter		
	I	II	III	IV
Private consumption	323.3	+ 5.7	− 0.7	+ 2.4
Durable goods	*44.2*	*+ 0.3*	*− 1.8*	*+ 0.5*
Non-durable goods	*150.5*	*+ 3.0*	*− 0.8*	*+ 0.2*
Services	*128.6*	*+ 2.3*	*+ 2.0*	*+ 1.8*
Private fixed investment	67.9	+ 2.3	—	− 1.2
Housing	*21.4*	*− 0.1*	*− 0.2*	*− 0.6*
Other new construction	*19.3*	*+ 0.1*	*+ 0.1*	*+ 0.3*
Plant and equipment	*27.1*	*+ 2.4*	*+ 0.2*	*− 1.0*
Stock-building	11.4	− 6.1	− 4.7	− 3.6
Government purchases of goods and services	97.5	+ 1.1	+ 2.1	+ 1.4
Net exports of goods and services	1.2	+ 0.8	+ 1.7	+ 0.9
Gross national product : current prices	**501.3**	**+ 3.7**	**− 1.5**	**—**
Gross national product : constant (1960) prices	*504.8*	*+ 1.5*	*− 4.6*	*− 1.3*

Source : *US Economic Indicators.*

pressure of total demand. The net effect is that some price inflation can be expected in 1961 and that export prices in terms of D-marks can be expected to rise appreciably, even if firms squeeze their profit margins.

Even before revaluation, the growth of the German economy was expected to slow down significantly in 1961 : replies to the recent IFO investment intentions inquiry were less optimistic than before.

This tendency to a slower rate of growth in Germany is likely to extend to the Six as a whole ; the slower rate of expansion in the earlier part of 1960 continued in the fourth quarter. Although expansion went on in Germany, Italy and the Netherlands, it temporarily ceased in France towards the end of the year and output fell in Belgium.

Nevertheless, a substantial rate of growth in Continental Europe is generally expected in 1961. The Economic Commission for Europe's *Economic Survey of Europe in 1960* summarises the growth forecasts for the principal countries. Except in Belgium, rates of expansion of 4 to 6 per cent in volume are forecast for 1961 compared with 1960 (when the combined national product of the Common Market countries rose 7 per cent). Growth in these countries is not likely to be restricted by balance of payments difficulties.

United States

It now seems likely that the United States recession has touched bottom. In January, industrial production fell again by 1 per cent to a level 9 per cent below its peak but did not fall further in February. Unemployment in February, at 6.8 per cent (seasonally adjusted) was slightly higher than in January (6.6 per cent) but no greater than December. The recent influx into the labour force, especially of women, tended to keep unemployment up even when employment was increasing.

The dominant reason for the fall in output last year was the fall in investment in stocks (table 10) which began in the second quarter and continued in the third and fourth. It would be surprising, in the light of experience in previous stock cycles, if the fall in stock-building were to continue for much longer.

Most of the currently available indicators which tend to lead in the swing of the business cycle already point to a recovery ; the major exception is that manufacturers' new orders for durable goods are still declining (table 11).

The point at which output begins to turn up is less important than the prospect for continuing and more rapid growth. The new Council of Economic Advisers emphasised that an economic upturn would be only the beginning, not the end, of the solution to America's economic problems and that the real challenge of economic policy in the months ahead is to take up the slack of 10 per cent by which present output falls short of potential output.[1] The Council recommends further expansionary measures of Government expenditure. At the same time, the Council commends the Federal Reserve policy of

[1] From a report of the Council of Economic Advisers prepared for Congress. *The Guardian*, March 8, 1961.

Table 11. United States : selected forward indicators[a]

Percentage change over previous month ; seasonally adjusted unless otherwise stated

	1960						1961
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Indicators which point to a recovery :							
Average weekly hours in manufacturing ..	—	− 0.5	− 1.0	+ 0.5	− 1.0	− 2.1	+ 1.0
Private housing starts	− 9.2	− 9.3	− 17.8	+ 16.4	− 1.6	− 19.1	+ 11.6[d]
Stock exchange industrial securities index[b][c]	− 2.1	+ 1.0	− 3.0	− 2.7	+ 3.2	+ 2.3	+ 5.0
Prices of industrial raw materials[b]	− 0.4	− 0.4	− 0.2	− 1.3	− 0.8	− 0.7	+ 0.5
Value of new construction contracts	+ 4.8	− 3.2	− 1.8	+ 8.5	− 4.8	+ 7.9	..
Indicators which do not yet point to a recovery :							
Durable goods ; manufacturers' new orders..	− 3.5	+ 4.4	+ 1.4	− 6.2	− 0.7	− 1.5	− 2.2

Source : *US Economic Indicators.*

(a) These are some of the statistics selected by the National Bureau of Economic Research as 'leading' in the business cycle.
(b) Not seasonally adjusted.
(c) SEC composite index : the National Bureau use the Standard and Poor index.
(d) In February, private housing starts rose by 7 per cent.

reducing the cost of long-term credit while preventing short-term interest rates from falling to levels which would lead to further withdrawals of short-term capital.

The fundamental disequilibrium in the United States payments situation is likely to persist, even though it remains manageable in the foreseeable future and even though its presence may well be masked by a return of short-term funds to the United States. In the longer run, a more rapid rate of expansion in the American economy must lead to a relatively rapid rise in imports, which could cause renewed difficulties unless more vigorous growth leads to greater competitiveness.

Primary producing countries

The pressure on the export earnings and incomes of most of the primary producing countries and on the payments positions of many of them still continues.

January and February 1961 saw a further slight decline in the prices of primary products, especially of coffee and cocoa ; the price index of exports of all primary products has fallen 7 per cent in the last twelve months. Sterling countries' primary product prices rose a little in February but are still 6½ per lower than a year ago.

The sterling balances of the overseas sterling area fell by £97 million in the fourth quarter. This was the same fall as in the third quarter, when sterling area exports are seasonally low. The total loss during the year was £224 million, compared with a gain of £185 million in 1959. There was thus a swing of over £400 million between the two years, due mainly to a rise of the order of 15 per cent in the value of imports.

By the end of 1960 imports seem to have flattened out. They were lower in the fourth quarter than the third in India and South Africa and no higher in Australia. India and South Africa have both gained reserves during the past few months, helped in South Africa by drawings on the IMF. Australia is still losing reserves, but the deflationary measures (described in the January *Economic Review*) are taking effect there. Car sales in January were 11 per cent less than a year before ; the rise in hire purchase debt was arrested at the end of 1960 ; it is reported that a large proportion of recent imports have been going into stock.

Among the non-sterling primary producers, currency reserves do not seem to have changed much in the closing months of 1960, but IMF drawings increased.

United Kingdom payments prospects

Recent developments have given reason for rather less pessimism about the United Kingdom balance of payments than seemed justified at the beginning of the year. The biggest change results from the European revaluations ; it has been suggested above that they may lead within a few months to an increase in the annual rate of British exports by perhaps £50 million or even more. In addition, the January and February export figures and the FBI Inquiry suggest that the upward trend in exports was already somewhat more favourable than could have been expected.

On the other hand, it is not easy to see how Britain's exports to her largest market—the overseas sterling area—can rise much during 1961. Britain did not gain from the big rise in their imports last year, because our share fell so fast (see article on page 18). Their imports are now likely to fall from the high figure in the second half of last year—for a number of them have taken steps, either direct or indirect, to reduce imports.

Further, United Kingdom imports continue to come in at a high rate and in the latest figures it is impossible to identify more than a fairly moderate amount which is now going into abnormal stock-building.

On balance, it would still be sanguine to hope for much more than a balance between current earnings and current expenditure in each of the two halves of 1961. In any event, it is still very unlikely that the surplus can be adequate to finance the normal long-term capital outflow. At least for the first half of 1961 therefore, it is likely that the United Kingdom and the overseas sterling area will together be in substantial overall deficit with the rest of the world.

The overall sterling area deficit in itself would be quite sufficient to explain reserve losses of the order of magnitude of those suffered in February. It is, indeed, probable that foreign funds were still flowing into London in January and possibly on a smaller scale in February. Substantial withdrawals, however, took place after the announcement of the German revaluation, to judge by the weakening of the sterling-dollar exchange rate and the widening of the discount on security sterling (the discount was around $\frac{1}{4}$ per cent against the spot sterling-dollar rate at the beginning of March and reached $1\frac{1}{2}$ per cent within three weeks after the revaluations). At the same time the London premium on United States securities increased from a little over 1 per cent to about 6 per cent between these same two periods, suggesting that the demand for foreign securities from British investors was increasing.

Implications for policy

The Budget will be presented, probably, in an environment in which real demand and output are rising again. But the prospect of expansion is by no means firmly established yet. It may be interrupted by stock fluctuations, since rising demand may at first be met out of stocks accumulated last year. If there were no external anxieties, policy might appropriately be aimed at fostering the expansion.

In fact the overseas payments position is highly unsatisfactory. For most of this year the sterling area as a whole will probably continue to have a deficit. This would imply some fall in reserves even if foreign-held funds were withdrawn. In these circumstances, an expansionary Budget would unfortunately be risky.

A strongly deflationary Budget might restrain demand for imports enough to correct the payments position for the time being. But it would almost certainly need to be so restrictive as to cut off the expansion entirely. This would involve the danger that the long stagnation of 1956 to 1958 might be repeated, after only a short burst of growth in 1959. A policy that destroyed the chances of expansion now would be extremely discouraging to industry and very bad for the long-run prospects for growth and competitiveness.

Except for its psychological effect, in any case unpredictable, a strongly deflationary Budget would not necessarily do much to prevent withdrawal of short-term funds. These flows do not appear to depend greatly on the underlying balance of payments position. If foreign funds continue to flow out on a big scale, it might be more effective to raise short-term interest rates, which operate directly on the international flow of funds and which do little to restrict domestic expansion.

A 'neutral' Budget, therefore, seems the most likely choice in a situation of unfortunate dilemma. Such a Budget would be designed to have no significant effect on the total of domestic spending, although it would still leave open the opportunity of changing the pattern of spending by altering the incidence of taxation. It would allow some expansion, but it would do nothing to increase the long-term growth of productivity and it would leave unsolved the fundamental problems of Britain's external financial position. These problems cannot be solved by fiscal measures operating on the total level of demand. Some of the ways in which they might be dealt with were discussed in the *Economic Review* for January 1961.

THE FBI INDUSTRIAL TRENDS INQUIRY

The following charts are derived from the replies to questionnaires sent out in January, June and October to a fairly representative sample of FBI member firms. Firms were asked to compare their current position with their position four months earlier. Only a very small proportion of the firms in the sample did not reply or had no information available at the time, and these are omitted from the figures shown below. The scale on the left-hand side of each chart shows the percentage of firms reporting a rise, compared with four months earlier : that on the right-hand side shows the percentage of firms reporting a fall (see also page 5).

Chart 1. Are you more or less optimistic about the general business situation ?

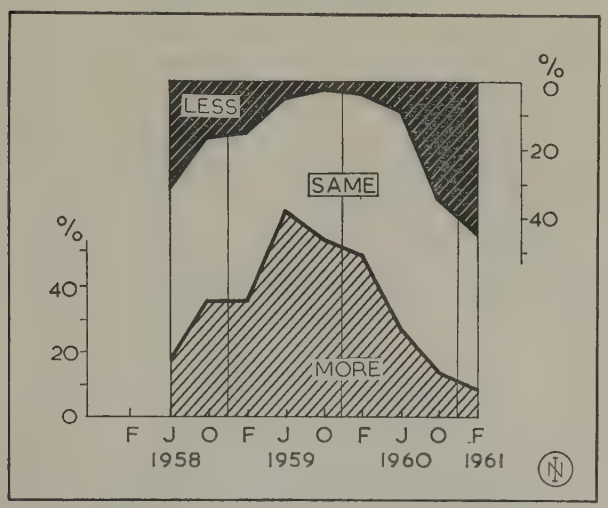


Chart 2. Is the level of your output up or down ?

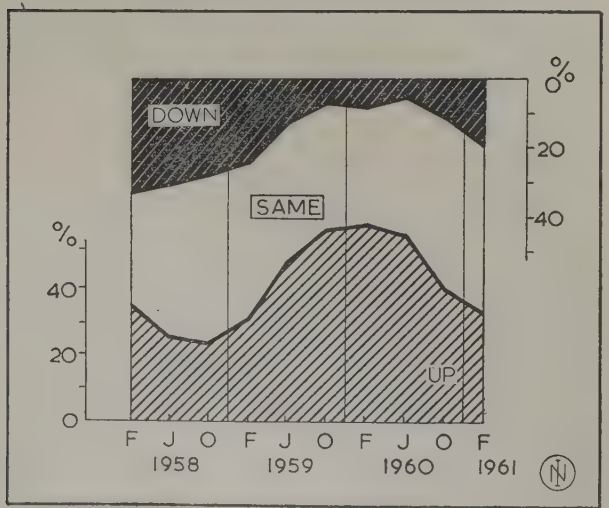


Chart 3. Are your average costs per unit of output up or down ?

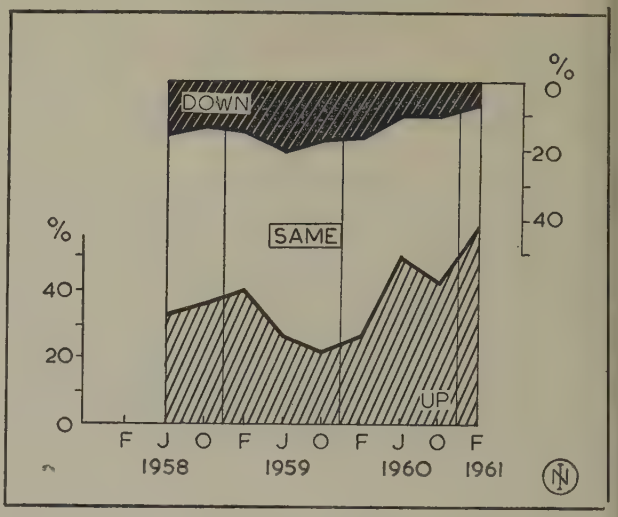


Chart 4. Are your average selling prices up or down ?

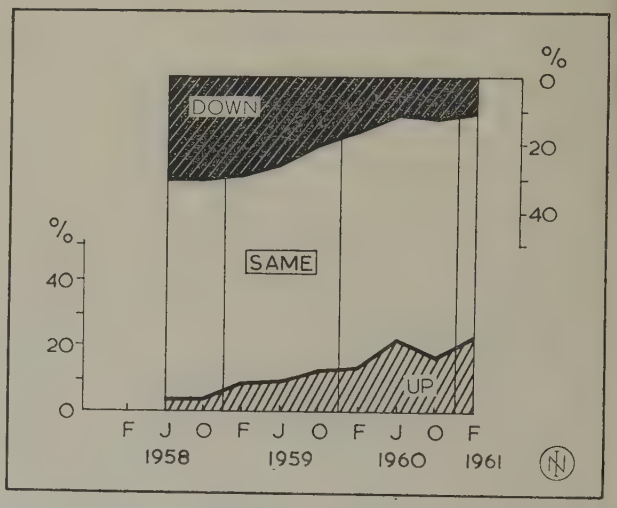


Chart 5. Are your average profit margins per unit of output up or down ?

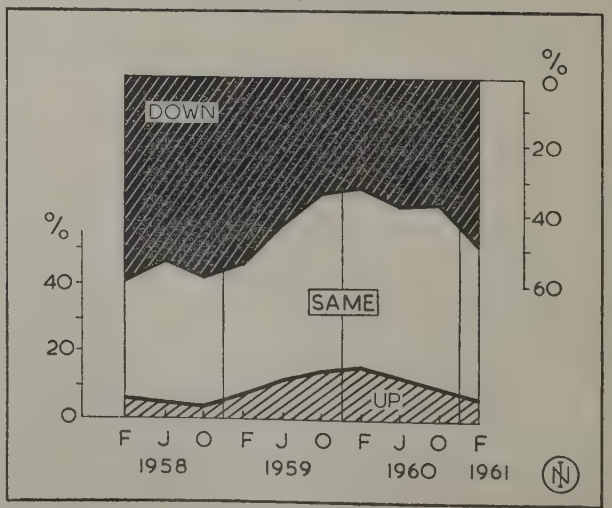


Chart 6. Are your total new orders up or down ?

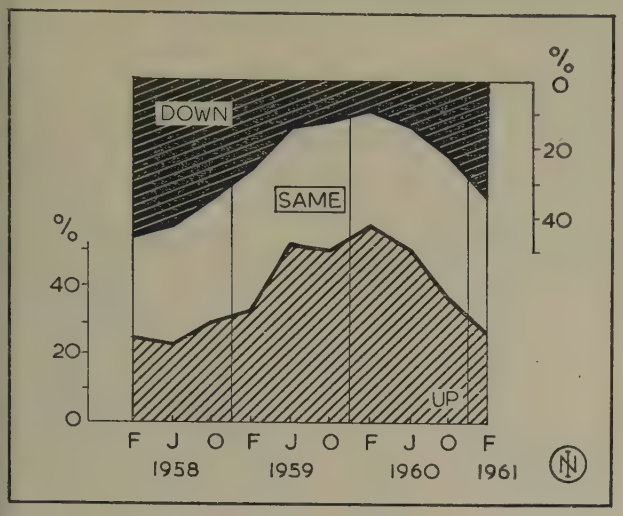


Chart 7. Is the length of your order books up or down ?

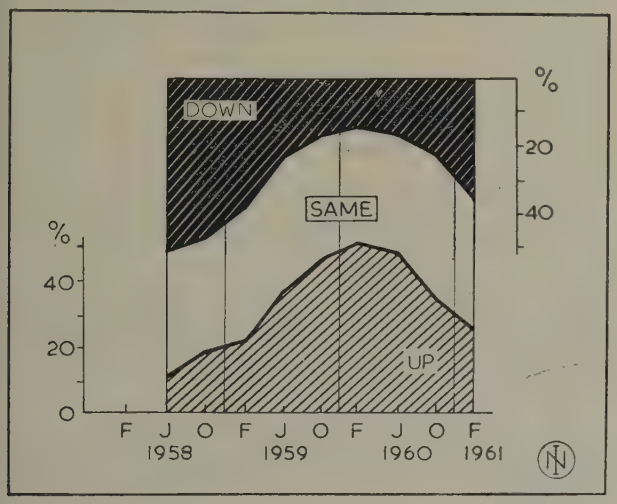


Chart 8. Are your export orders up or down ?

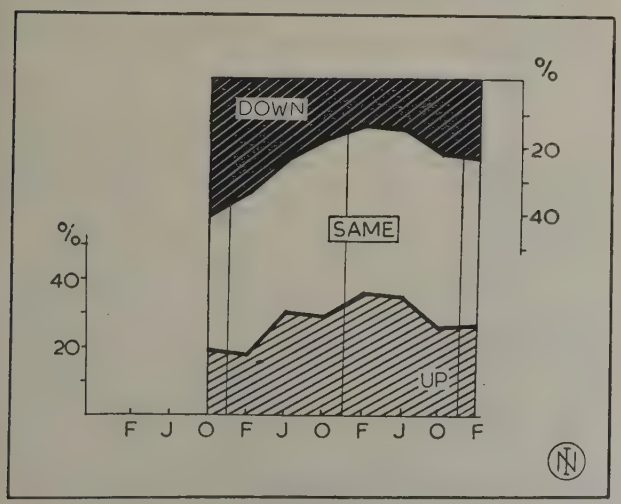


Chart 9. Are your stocks of raw materials up or down ?

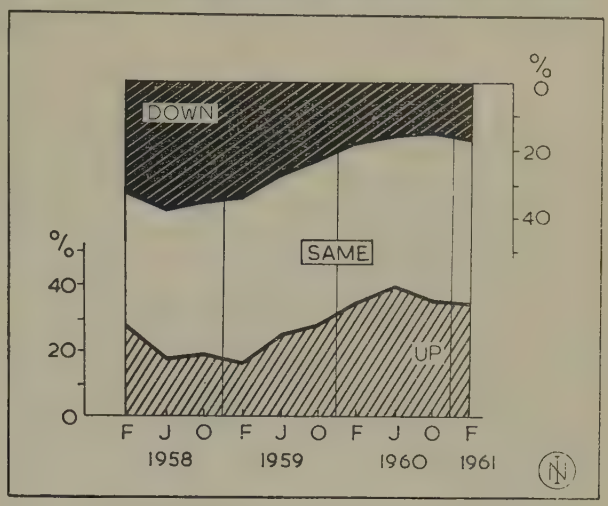


Chart 10. Are your stocks of work in progress up or down ?

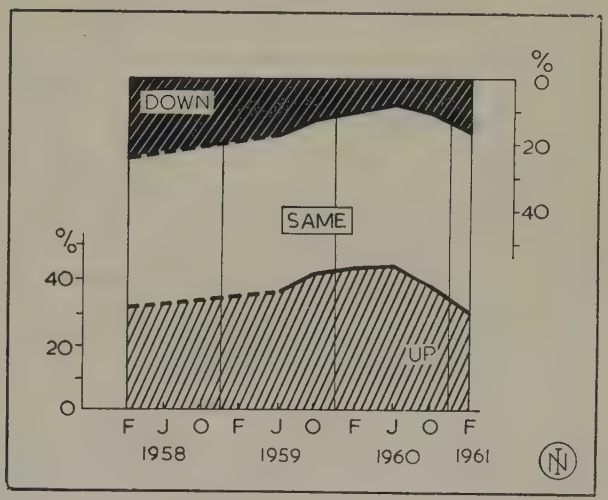
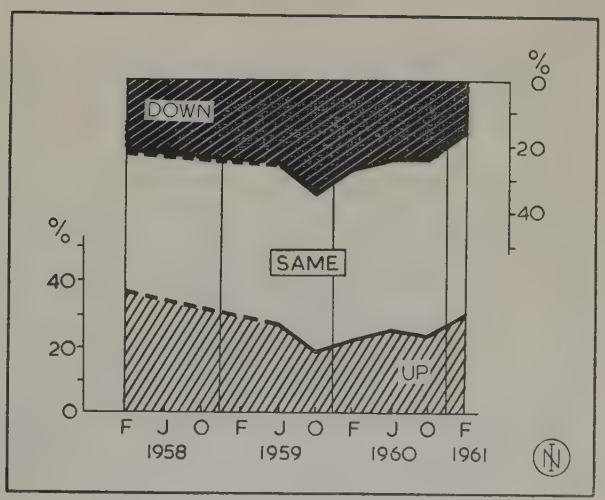


Chart 11. Are your stocks of finished goods up or down ?



BRITAIN'S FALLING SHARE OF STERLING AREA IMPORTS

I. INTRODUCTION.

Britain's poor export performance during the course of last year was the more surprising because, for the first time for a number of years, the change in the area pattern of world trade was not unfavourable to her. Sterling area countries take about 40 per cent of Britain's exports of manufactures, but only about 10 per cent of those of the other main exporters of manufactures. From 1954 to 1959 overseas sterling area imports rose more slowly than world imports, and Britain lost from this.[1] But last year sterling area imports rose relatively fast, and Britain should have gained.

The trouble was in 1960 that Britain's share in these imports fell much faster than before ; she lost nearly 5 per cent of the market—this was more than twice as big a loss as the average from 1954 to 1959. This fall in share in 1960 was not big enough to stop Britain's exports of manufactures to the overseas sterling area from rising altogether ; but it meant that they went up only 6 per cent in value, whereas those of her eight main competitors rose about 28 per cent.[2]

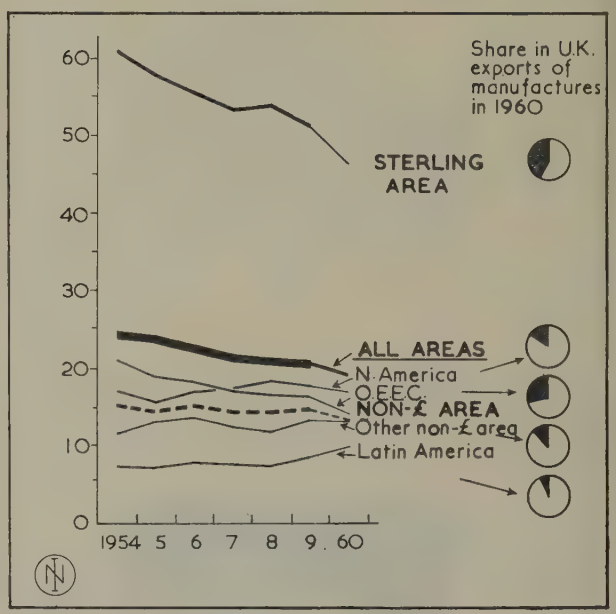
Charts 1 and 2 look at this matter in longer perspective. The main point of the charts is simply this : it is Britain's share in sterling area markets which has fallen steeply since 1954 : her share in non-sterling area markets had, until 1960, hardly changed. This is true both for the total figures (chart 1), and for exports to individual markets (chart 2). Again, this falling share from 1954 to 1960 did not prevent some rise in Britain's exports but it was only a small one. Her exports of manufactures to overseas sterling countries went up only 5 per cent in value from 1954-55 to 1959-60 (and this rise was almost entirely accounted for by an increase in her exports to India) ; those of her eight main competitors rose 61 per cent (table 1).

In spite of this sharp fall in share in the sterling area, Britain's pattern of trade is still very uneven (chart 2). She still holds between 30 and 70 per cent of the imports of manufactures in each of the main sterling markets ; in no other major market does she hold more than 25 per cent and in few does her share exceed 15 per cent.

This article analyses Britain's loss of share in the sterling area in some detail, by country and commodity.

Chart 1. Britain's share in exports of manufactures, by area

Per cent[a]



Source : See Appendix I, table 6.
(a) Of the exports of the nine main exporters.

Table 1. Exports of manufactures to the overseas sterling area by the nine main exporters

$ million, annual averages

	1954 and 1955	1959 and 1960	Per cent change
United Kingdom	**3,116.0**	**3,278.2**	**+ 5.2**
Common Market	981.4	1,581.9	+ 61.1
of which			
Western Germany ..	*441.3*	*841.6*	*+ 90.7*
Japan	477.2	832.9	+ 74.5
United States	701.3	1,070.0	+ 52.5
Eight main exporters, other than UK	**2,159.9**	**3,484.8**	**+ 61.3**
Total, nine exporters ..	**5,275.9**	**6,763.0**	**+ 28.2**

Source : See Appendix I, tables 5 and 6.

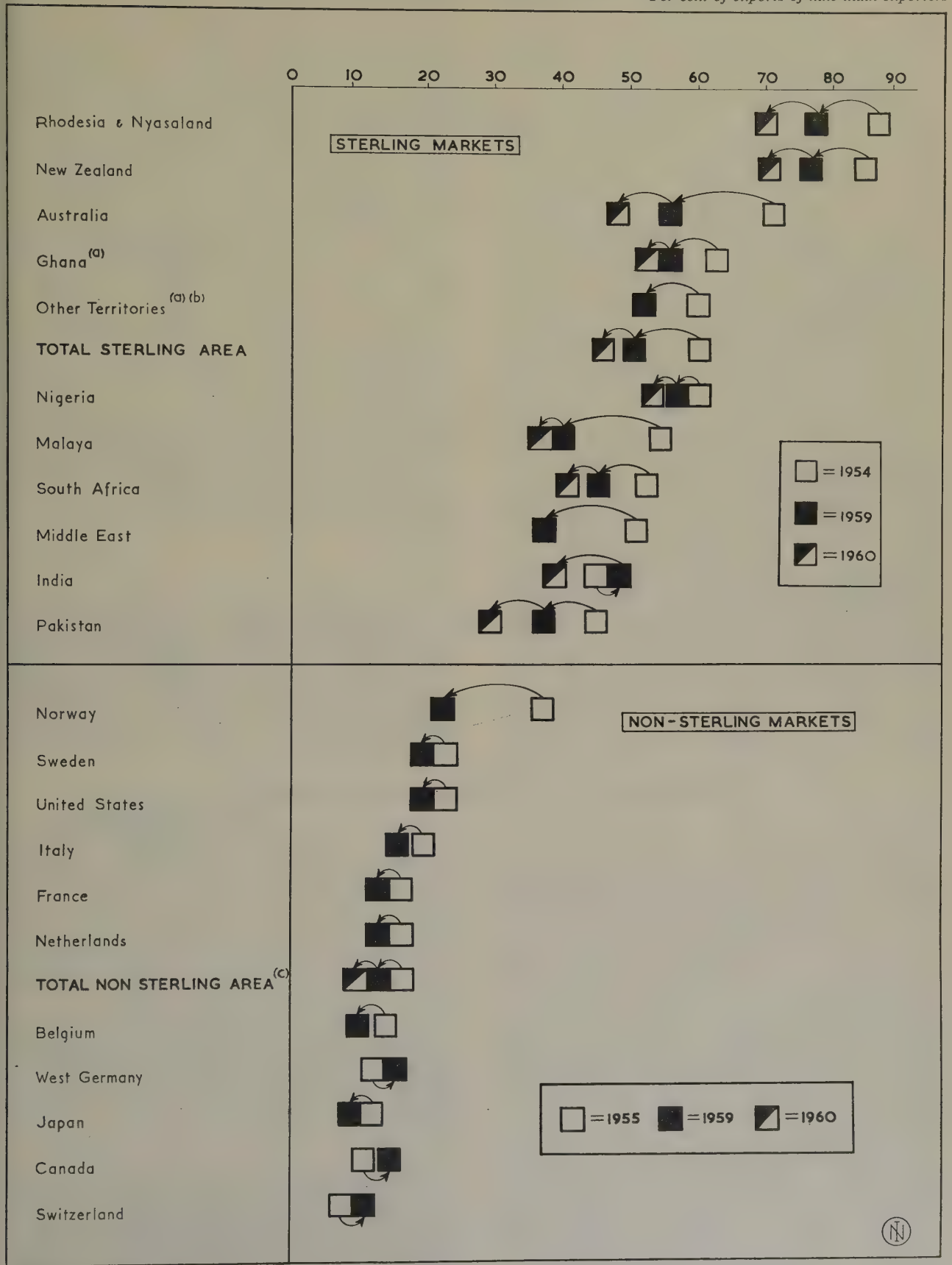
This article has been prepared by R. S. Gilbert, of the Australian Commonwealth Public Service, who is temporarily attached to the National Institute, and by R. L. Major, with assistance in the preparation of the statistics from Miss S. Freund.

[1] See ' World Trade in Manufactures ' R. L. Major, *National Institute Economic Review*, no. 10, July 1960.

[2] It was this unexpectedly large fall in Britain's share in sterling area markets which was the main error in the forecast that Britain's exports would continue to rise appreciably through 1960 (*National Institute Economic Review*, no. 7, January 1960, pages 41 and 42).

Chart 2. The change in Britain's share in some sterling and non-sterling markets

Per cent of exports of nine main exporters



Source : See Appendix I, table 7, and tables 9 to 20.

(a) For Ghana, ' Other territories ', and the non-sterling markets, the first square is 1955, not 1954.
(b) ' Other territories' consists of the colonies and newly independent territories—Malayan Federation, Ghana, Nigeria and Cyprus.
(c) The first square is 1954, not 1955.

In particular, it tries to judge how far this was a once-and-for-all fall which can be explained by changes in the tariff or quota discrimination which Governments practised in Britain's favour—and how far the fall is to be explained by causes which can be expected to continue.

There are a number of other possible reasons, apart from reduced discrimination, for the falling British share. There are the various factors subsumed under the general heading of ' competitiveness '—price, quality, delivery dates and so on. But, in addition, consumers in Commonwealth countries may discriminate less in favour of British goods, as ties with Britain weaken ; this is not strictly a change in the competitiveness of British exports, but a change in the bias which buyers had in their favour. Canada may be regarded as an extreme case—Britain's share of imports of manufactures here is only 14 per cent ; the benefits of the preferential tariff have been reduced by other forces. Then patterns of trade may change to Britain's disadvantage ; industrialisation in overseas countries may hit our exports more than those of our competitors, and the composition of trade may alter so that the average level of preference which Britain receives may be reduced. Again Britain has invested more in the sterling area than any other country has ; a good deal of this investment was by British firms which decided to manufacture on the spot, instead of exporting from Britain. This investment probably had the immediate effect of increasing British exports of plant and machinery ; but in the longer run it may, though not necessarily, replace British exports more than those of other nations. Finally, tied loans can affect the pattern of trade ; they have been important in increasing the United States share in Pakistan's imports, for instance—and they may well become more important in future.

In the next section, Britain's experience in the sterling area is discussed in detail, by commodity and by country ; at the end of each country section, the effects of reduced discrimination are assessed. In section III some general conclusions are drawn. The tables on which the charts are based are given in Appendix I, and Appendix II gives a chronology for each major country of the main changes in discrimination from 1954 to 1960. The analysis is based on figures of the exports of manufactures[1] of nine countries—the six Common Market countries, Britain, the United States and Japan—to the overseas sterling area. Normally Sweden, Switzerland and Canada are included in the list of main exporters of manufactures. Their combined share has remained a fairly constant proportion of total world exports of manufactures since 1954, and—for simplicity—they are excluded in this analysis. The nine countries selected provide between 75 and 90 per cent of the imports of manufactures of the sterling area countries which are examined in this article (Appendix I, table 8).

[1]The calculations are based on the export figures for the nine countries—except for Ghana and Nigeria, whose import figures were used. ' Manufactures ' are the goods covered by the Standard International Trade Classification sections 5 to 8 ; United States special category exports are excluded throughout. The overseas sterling area excludes Iceland and Ireland and includes Iraq. The detailed commodity and area analysis which follows omits Middle Eastern sterling countries, and also Burma and Ceylon, for which comparable figures were not available.

II. COUNTRY AND COMMODITY ANALYSIS

Australia

Australia is Britain's largest single market in the sterling area—and one where, six years ago, Britain had 70 per cent of the market for imported manufactures.[1] (This high share is probably partly explained by the long period of relatively high preference since well before the Ottawa agreements.) Australia is also the country where Britain's share has fallen most, from over 70 per cent in 1954 to around 50 per cent in 1960. (If Britain had kept her 1954 share, her exports would have been about £100 million higher in 1960.) The rate of fall has accelerated in recent years (chart 3).

Japan has made big gains at Britain's expense. Until 1954, Australia's discrimination against Japanese goods was severe. Some relaxations were made in July 1954 and again in November of that year, and Japan's share of the Australian market rose from 2½ per cent in 1954 to 4½ per cent in 1955. Then in July 1957 the Australian/Japanese trade agreement put Japan on the same footing for import licensing as other non-dollar countries and, by according Japan most-favoured-nation treatment, reduced most tariffs on Japanese goods.[2]

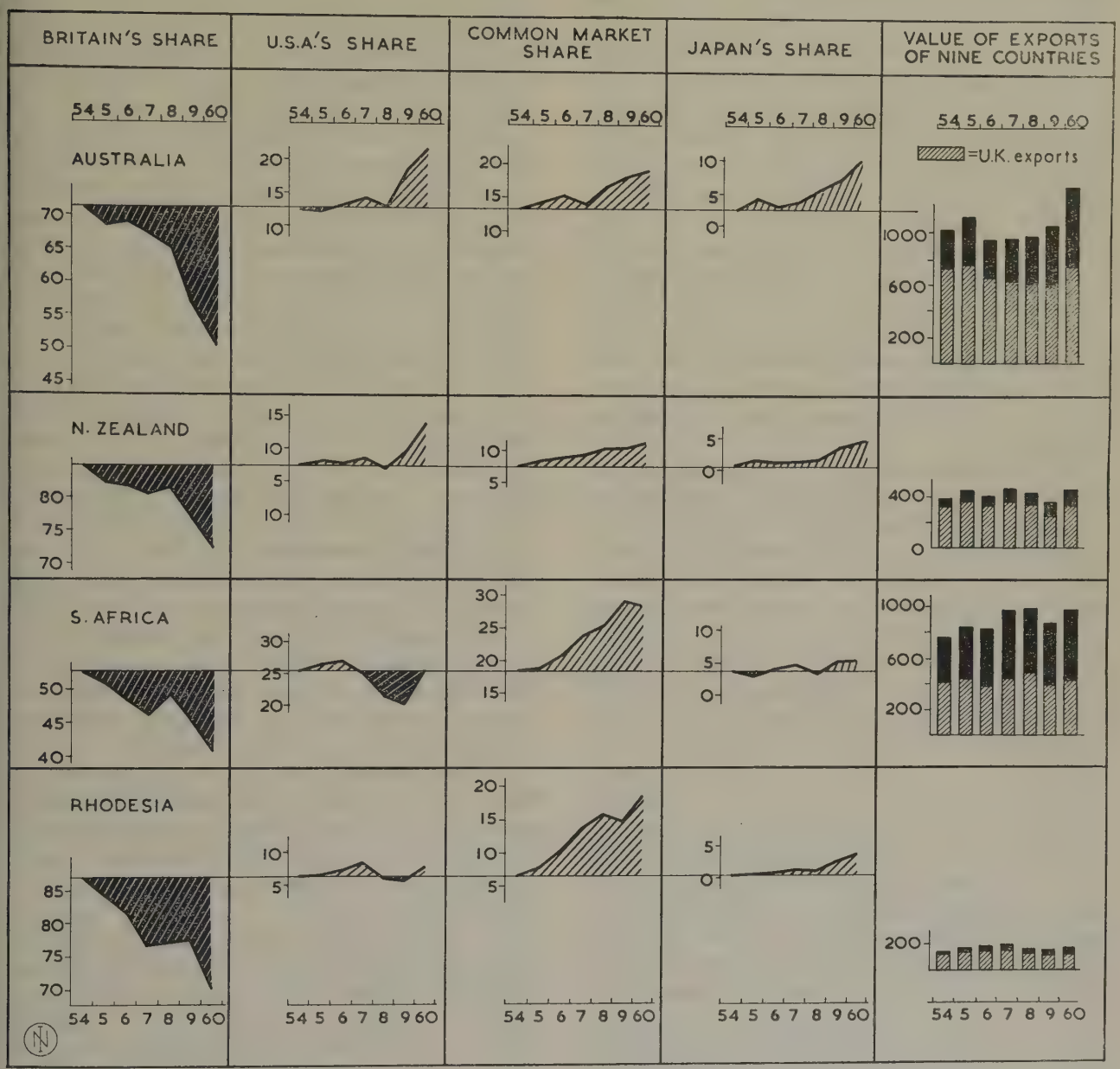
This agreement probably accounts for a good deal of the rise in Japan's share since 1957, particularly in textiles. By 1959, Japan had over half the market for imported cotton textiles and a quarter of that for miscellaneous fabrics.

[1]Here, and throughout the article, the percentage shares refer to the total exports of manufactures of the nine countries. The ' market ' means their combined exports to a country.

[2]Australia, however, reserved the right to suspend her obligations, after consultation, in respect of particular goods when a serious danger to Australian industry was caused or threatened. Consultations have taken place about toys and footwear and Japan has imposed limitations on the export of these items.

Chart 3. Changing shares in exports of manufactures to Australia, New Zealand, South Africa, and the Federation of Rhodesia

Per cent of exports of nine main exporters



Source : See Appendix I, tables 9 to 12.

In 1960, however, it is steel rather than textiles that explains Japan's big gain (chart 3). Since 1955, a year of serious shortage, Australia's own steel production has risen steadily, and her iron and steel imports have fallen year by year. These cuts fell mainly on Japan, the marginal supplier, while Britain's share in this contracting market rose (chart 10). Then in 1960, Australian home steel production—though it was half as big again as in 1955—could not meet the increase in demand, and this spilled over into imports. As in 1955, Japanese exports increased dramatically—to about forty times the 1959 level. Other major exporting countries also increased their steel exports more than Britain did (United States exports went up tenfold, and Germany's fourfold, while Britain's went up 70 per cent)—so Britain's share in this market must have fallen sharply in 1960.

While a good deal of Japan's gains during this period can be explained by reduced discrimination, the Common Market gains cannot. Australia had discontinued any quota discrimination between Britain and OEEC countries well before 1954. It is true that the United Kingdom/Australia Trade Agreement in 1957 allowed the Australian Government to

reduce the margin of British preference, in most cases from 12½ to 7½ per cent. But this reduction has been applied largely to goods which are insignificant in the pattern of trade and the effects have probably been fairly small.

Common Market countries have gained in chemicals, machinery—particularly metal-making machinery, where their share has trebled—and vehicles. Germany in particular has now about one seventh of the Australian market for imported vehicles. Total registrations of imported cars hardly changed between 1954 and 1959, but registrations of German cars, predominantly Volkswagens, increased tenfold. Volkswagens gained a great reputation for suitability to Australian conditions by their victories in the round-Australia trials in the mid-1950s. The rapidly rising share of the market gained by Holden cars (made by General Motors' subsidiary in Australia) has been mainly at the expense of American and the larger British cars.

The United States share in the Australian market was about the same in 1958 as in 1954. Then between 1958 and the beginning of 1960 quota discrimination against the dollar was virtually removed (Appendix II page 00), and from 1958 to 1960 the United States share rose rapidly. A good deal of the 1959 rise is accounted for by exceptionally high exports of jet aircraft. But in 1960 United States exports of aircraft to Australia fell back, and nonetheless her share went on rising ; she fairly certainly improved her position substantially in the market for chemicals and for machinery.

In sum, reductions in discrimination probably explain a good deal of Japan's gains—and she gained 7½ per cent of the Australian market for imported manufactures over this period. Australian trade with Japan has increased both ways : Japan is now Australia's best customer for wool. In the first seven months of the present financial year she provided 28 per cent of Australia's wool cheque—whereas Britain only provided 19 per cent. The virtual abolition of dollar discrimination also probably explains a good part of the United States' gain in 1960. But the Common Market's success seems to owe little to any change in import policy.

New Zealand

New Zealand is another market in which Britain has benefited from a high preferential tariff for a long time ; Britain's share in this market (70 per cent in 1960) is a good deal higher than it is in the Australian market, and it has fallen a good deal less ; but the pattern of the change is similar to Australia's. In each case a fall in 1955 was followed by three years of relative stability and then by further declines in 1959 and 1960. Some of Britain's losses in New Zealand have been due to big falls in the market for items in which Britain's share is particularly large—for instance, iron and steel, where Australian competition is becoming important when Australia has supplies. In 1960, on the other hand, Britain's share in the total was helped by substantial exports of ships and boats.

Japan's share in the New Zealand market, which was negligible in 1954, has remained much smaller than in the Australian market. It hardly began to rise until after a trade agreement was concluded in 1958. Like the agreement with Australia in the previous year, this gave Japan full most-favoured nation rights. It was followed by a big rise in Japan's share in the New Zealand market for textiles. In cotton fabrics the Japanese share reached nearly a quarter—it was less than 1 per cent in 1954.

The Common Market countries have not made much headway in New Zealand's market for motor vehicles ; indeed in 1959 their share fell from about 7 to 4½ per cent. The tariff preference in favour of British cars is exceptionally high in New Zealand ; British cars pay 15 per cent, others 50 per cent. New Zealand was liberalising dollar imports gradually from 1954 onwards, but the United States share fluctuated without rising much up to the end of 1959. In 1959 and 1960 there were more extensive relaxations, and they have been followed by a big rise in the United States' share ; her exports of tractors and construction and textile machinery all more than doubled in 1960.

In New Zealand, therefore, as in Australia, it seems likely that reduced discrimination explains a good deal of the rise in Japan's share, and also of the United States gains in 1959 and 1960 : but it does not account for the Common Market's gains.

South Africa

From 1954 onwards South Africa practised no quota discrimination in her import policy ; further, the South African market is one where Britain's margin of preference is small. This is a market, therefore, where Britain's competitors have had access on almost equal terms with her since 1954, and it provides a useful comparison with those countries where there were considerable relaxations. Two points stand out. First, Britain's share has continued to fall—not as fast as in Australia but nearly as fast as in New Zealand. Secondly, Common Market countries have made most of the gains ; the United States share over the whole period has not risen at all and Japan's share has risen only a little, remaining very small. This fits in with the view that though Japan and the United States might have been helped by relaxations in discrimination in their trade with the sterling area, the rise in the share of the Common Market countries was independent of the relaxations.

The Common Market countries have gained particularly big shares in South Africa's imports of chemicals—where they now have nearly 30 per cent of the market ; in her imports of metal-working machinery—where they now have nearly half the market ; and in her imports of road vehicles—where they now have over 40 per cent of the market. There is no preferential tariff in Britain's favour on motor cars imported into South Africa. But in 1958 imports of cars valued at more than £800 f.o.b. were banned ; this has helped Continental manufacturers of small cars, such as Volkswagen and Fiat. The United States has suffered more than Britain, though demand for big American cars had probably weakened before the restriction.

The United States share in individual commodity groups has fluctuated considerably. Her exports of steel to South Africa dwindled from over 40 per cent of the market in 1954 to 6 per cent of a much smaller total in 1959. In 1960, however, when imports rose again, the United States share improved. In 1959, an American steel-rolling plant was exported to South Africa ; this caused the big temporary increase in her share in metal-working machinery (chart 11). In 1960, there were big deliveries of American aircraft, while British aircraft exports fell, and this explains some of the recovery in the United States share.

South Africa is still a relatively big market for imported textiles, and here as usual Japan has gained—but the pattern of her share in this market is unusual. Normally, Japanese competition is strongest in cotton fabrics, but in South Africa it does not appear to be so. Her share in cotton fabrics in 1959 was still smaller than Britain's, but her share in other fabrics was much larger. Apart from textiles, Japan's share in this market is extremely small.

Britain's loss of share in South Africa, therefore, must be almost entirely due to causes other than reduced discrimination—since the Union stopped practising quota discrimination from the beginning of 1954.

Federation of Rhodesia

Britain has a much larger part of the Rhodesian market than of the South African : part of the reason is no doubt that Rhodesia has much higher margins of preference in Britain's favour. But the fall in Britain's share since 1954 has been bigger than in South Africa. In both countries, most of the gains were made by the Common Market. The Rhodesian Government still had some discrimination against Continental Europe in 1954 ; by 1956 these restrictions had been completely lifted. But there was no noticeable effect on the rate at which the Common Market's share rose in total, though there may have been some effect on individual items.

The pattern of the Common Market's gain has been different in Rhodesia from the pattern in South Africa. First, the Six have made substantial inroads into the market for textiles (especially after the 1955-56 relaxation) and also into the market for chemicals and iron and steel—both at Britain's expense. They have also reduced Britain's share of the market for road motor vehicles from 94 per cent to 80 per cent. But Rhodesia is one of the few markets where Britain has generally kept her share in imports of machinery up to the end of 1959. This is partly on account of the Kariba dam project ; deliveries of equipment for this were important in 1958 and 1959. Italy has gained for the same reason, notably in 1957. The United States has suffered correspondingly. The United States share of the Rhodesian market was in fact lower in 1959 than in 1954, in spite of substantial relaxations of discrimination in 1956. But after further relaxations it rose in 1960, when her exports of tractors and agricultural machinery went up sharply. Japan's small gain in share up to 1959 was entirely in textiles. She gained further in 1960, following a trade agreement early in the year, which reduced both quota and tariff discrimination.

In Rhodesia, the main effects of reduced discrimination are probably to be seen in the United States and Japanese rises in share in 1960—and, since the relaxations are recent, there may be more effect still to come. The Common Market countries may have been helped a little by relaxations in 1955-56—but probably not much.

India and Pakistan

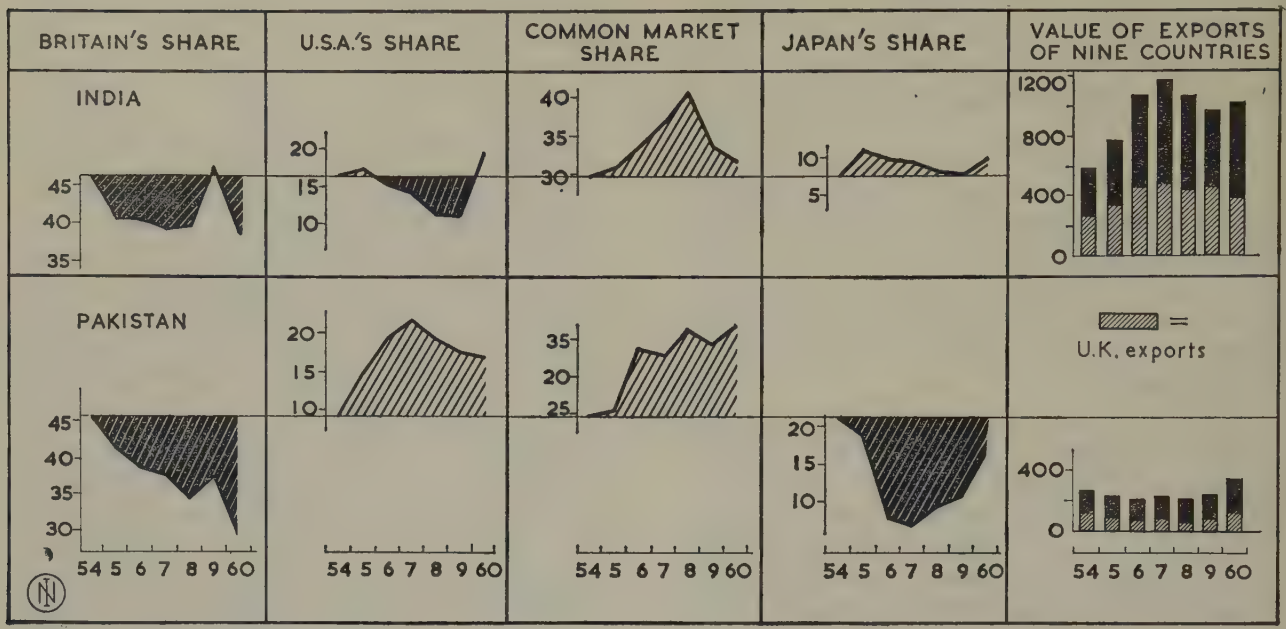
For India and Pakistan, much more than for the rest of the sterling area, the countries from which they obtained their imports have increasingly tended to be those which would accept rupees in payment or which could provide finance or deliveries under aid ; ordinary commercial considerations have been less important than elsewhere.

Indian imports of manufactures now consist predominantly of machinery, transport equipment and chemicals. Even capital equipment is normally bought only where long-term credit is given and imports of consumer goods have been restricted with increasing severity. This helps to explain why India is the one major market in the sterling area in which Britain's share has not tended to fall since 1955 and in which it rose, quite sharply, in 1959 (chart 4).

A large part of Britain's gain in 1959 was in metal-working machinery—predominantly steel-making equipment for the new plant at Durgapur financed by credit from the Export Credits Guarantee Department and Lazards. India also drew heavily on other ECGD credits for capital equipment in 1959. At

Chart 4. Changing shares in exports of manufactures to India and Pakistan

Per cent of exports of nine main exporters



Source : See Appendix I, tables 15 and 16.

the same time Britain seems to have been less affected than her competitors by the fall in Indian imports of iron and steel. These were important up to 1957, but have fallen away since the new plants at Rourkela, Bhilai and Durgapur came into production. Supplies of equipment for Rourkela received under German aid arrangements were highest in 1958 and later dropped fairly sharply. Partly for this reason 1958 was the peak year for the Common Market countries' share.

The United States share, in spite of a succession of Indian measures reducing discrimination, fell steadily until 1959 ; her exports of road vehicles fell from one-half to about a quarter of the market. India's imports of textiles are very small and consequently Japan has not gained much here ; further, Japan lost a significant part of the market for iron and steel. Up to 1959 she compensated for this by a very big increase in her exports of fertilisers, with the result that her share in Indian imports of chemicals rose from 3 per cent in 1954 to 16 per cent in 1959. Then in the first half of 1960 the United States seems to have supplanted her in this market, and Japan's share fell back to 4 per cent.

Pakistan, like South Africa, is a country where there has been no discrimination in import policy for a number of years ; from 1955 onwards Pakistan's quotas were non-discriminatory. Nonetheless, Britain's share in her imports has been falling relatively fast. In the pattern of change since 1955 Pakistan is clearly a special case. For in this market the United States share has risen in a wide variety of products—iron and steel, metal-working machinery and even motor vehicles, where it has been falling in almost every other country. This suggests that United States aid and loans have been particularly important to Pakistan's import programme. Further, Pakistan is the only market where Japan's share was lower in 1959 than in 1954 ; the main explanation for this is that in 1954 Japan had three-quarters of the Pakistan market for iron and steel and in 1959 only 15 per cent. Pakistan's experience is also untypical in that the United States share does not appear to have risen further in 1960, despite more discriminatory aid.

Colonies, and territories newly independent[1]

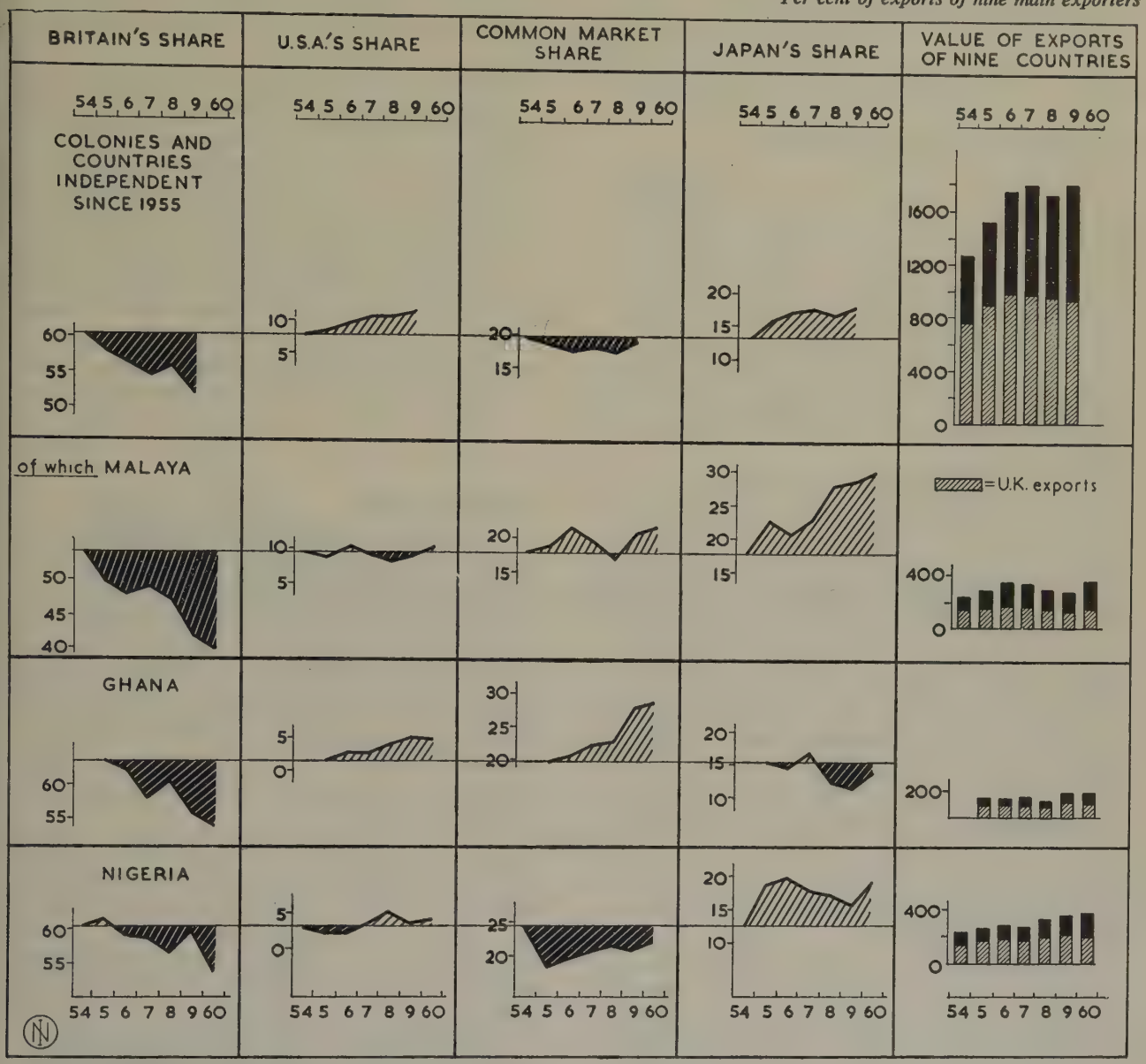
This large group of countries is collectively important—together they form a market for British manufactures over half as big again as Australia. Here, too, Britain's share has been falling—from 60 per cent of the market in 1954 to 50 per cent in the first half of 1960. (Full year estimates for 1960 are not yet available). Britain has virtually no preference in most of these countries.

Japan and the United States—not the Common Market countries—have gained in these markets. Japan's gains came in the earlier part of the period, from 1954 to 1957, probably mainly in textiles ; they

[1]This group includes the Malayan Federation, Ghana, Nigeria and Cyprus. The separate figures for Ghana and Nigeria, given below, cannot be subtracted from the total, because they are taken from the import, not the export side.

Chart 5. Changing shares in exports of manufactures to the colonies and newly independent territories.

Per cent of exports of nine main exporters



Source : See Appendix I, tables 17 to 20.

were fairly clearly the result of relaxation of discrimination in 1953 and 1954. Some specific licensing directed against Japanese goods remains in force in most territories, and is more likely to be replaced by a protective tariff than relaxed unreservedly.

Quota discrimination in colonial territories against OEEC goods had been eased a good deal in 1953 and 1954, and had virtually ceased by 1955. But the Common Market countries did not make any gain in the market for total manufactures. This was partly because the commodity pattern of trade moved unfavourably to them, and partly because they lost a large part of their share in the market for chemicals to the United States. The Common Market countries did steadily increase their share in imports of machinery and transport equipment.

The United States share in these countries rose a little year by year throughout this period—in spite of the fact that dollar discrimination was only gradually relaxed before 1959.

In a large group of markets of this kind, changes in the country pattern of trade can be very important in bringing about change in shares in the total market. It is fairly certain that Japan and the

United States have benefited from reduced discrimination—Japan early on in the period, and the United States more gradually throughout it ; that is the only conclusion that can safely be drawn without a detailed examination of each individual colonial market, which is beyond the scope of this article.

Malayan Federation, Ghana and Nigeria

These three countries have a certain particular interest because they have all become independent since 1954. It is early yet to judge the effects : the figures so far available do not suggest any sudden, immediate change in trend, following the date of independence. (This may well be partly because effective independence in commercial policy was granted gradually, over a period of years.) Britain's share in Ghana and Malaya, certainly up to 1959, has fallen no faster than in a number of independent sterling countries.

Over the whole period since 1954, Britain's loss has been greatest in *Malaya*, in spite of the fact that she has some tariff preferences in this market. Here Japan made nearly all the gain, and not much can have been due to reduced discrimination, since from the beginning of 1954 imports were generally permitted in accordance with requirements. Japan was probably helped more by geographical proximity. Her share of the total market was higher in Malaya in 1960 than in any of the other sterling countries analysed here. Her gains were not only in textiles ; by 1959 she had almost half the market for imported iron and steel, and a relatively big share in the small markets for electrical and metal-working machinery. The only substantial gains that the Common Market countries have made have been in motor vehicles and metal-working machinery.

In *Ghana*, it was the Common Market countries that gained over this period, mostly at Britain's expense ; but Japan's share also fell a little. Reduced discrimination cannot be very important here, since from 1955 onwards there was none against OEEC countries, and the Common Market share continued to rise long after any effects of the 1955 relaxations had disappeared.

It seems probable, however, that big gains by Germany since 1958 in machinery and transport are partly due to aid arrangements and to a trade agreement at the end of 1959. Deliveries of railway rolling stock account for a large part of the increase in 1960, but German car exports have also risen sharply.

In *Nigeria*, Britain kept her share from 1954 to 1959, and it fell only in 1960. This comparatively good record is partly explained by the change in the pattern of trade. Japan gained in textiles : in one year—1955—her share in textiles other than cotton fabrics rose from 33 to 66 per cent. She also gained in iron and steel, and the Common Market countries increased their share in vehicles. But Britain held her share in a wide range of exports of machinery—and the market for machinery was growing relatively fast.

The three countries all began removing discrimination against dollar goods at various times from 1957 onwards—but in none of them has there been any substantial upward trend in the United States share of the market ; from 1954 to 1960, the United States gained less than 1 per cent of the market in Nigeria, and Malaya, and only just over 2 per cent in Ghana. All-in-all, there was probably some effect of reduced discrimination in the rising Japanese share of imports in Nigeria, if not in Malaya ; but there is no particular reason to connect the rising Common Market share in the Ghana market with changes in discrimination.

Commodity analysis

The different experiences of the different commodities (set out in the charts on pages 27 to 31) in general lend some support to the view that much of the loss of Britain's share of trade is due to factors other than the reduction or abolition of discrimination in particular countries. For there are some commodities in which Britain has done relatively well in nearly all markets and others in which she has done relatively badly, also in nearly every market —regardless of whether discrimination in her favour was reduced or not.

In two commodity groups Britain gained generally. From 1954 to 1959 she improved her position in the market for tractors virtually everywhere in the sterling area. Britain has no competition from Common Market countries in tractors ; the market is divided between her and the United States. Britain also did well in general in iron and steel exports from 1954 to 1959—though this was a falling market, with a number of sterling area countries building up their own capacity. Britain bettered her position in four of the six biggest sterling area markets for imported steel. (The United States steel strike must have helped her in 1959.) In 1960, however, when the overseas sterling area's demand for imported steel rose sharply, Britain appears to have taken less advantage of this big increase in demand than Japan or the United States.

At the other end of the scale, Britain's share fell heavily almost everywhere in cotton and miscellaneous fabrics. These falls are probably linked to relaxations in discrimination since most countries (with the exception of South Africa) did relax their restrictions on imports of Japanese textiles during the period. Britain's experience in her exports of various

Chart 6. Changing shares in exports of cotton fabrics (SITC 652)

Per cent of exports of nine main exporters

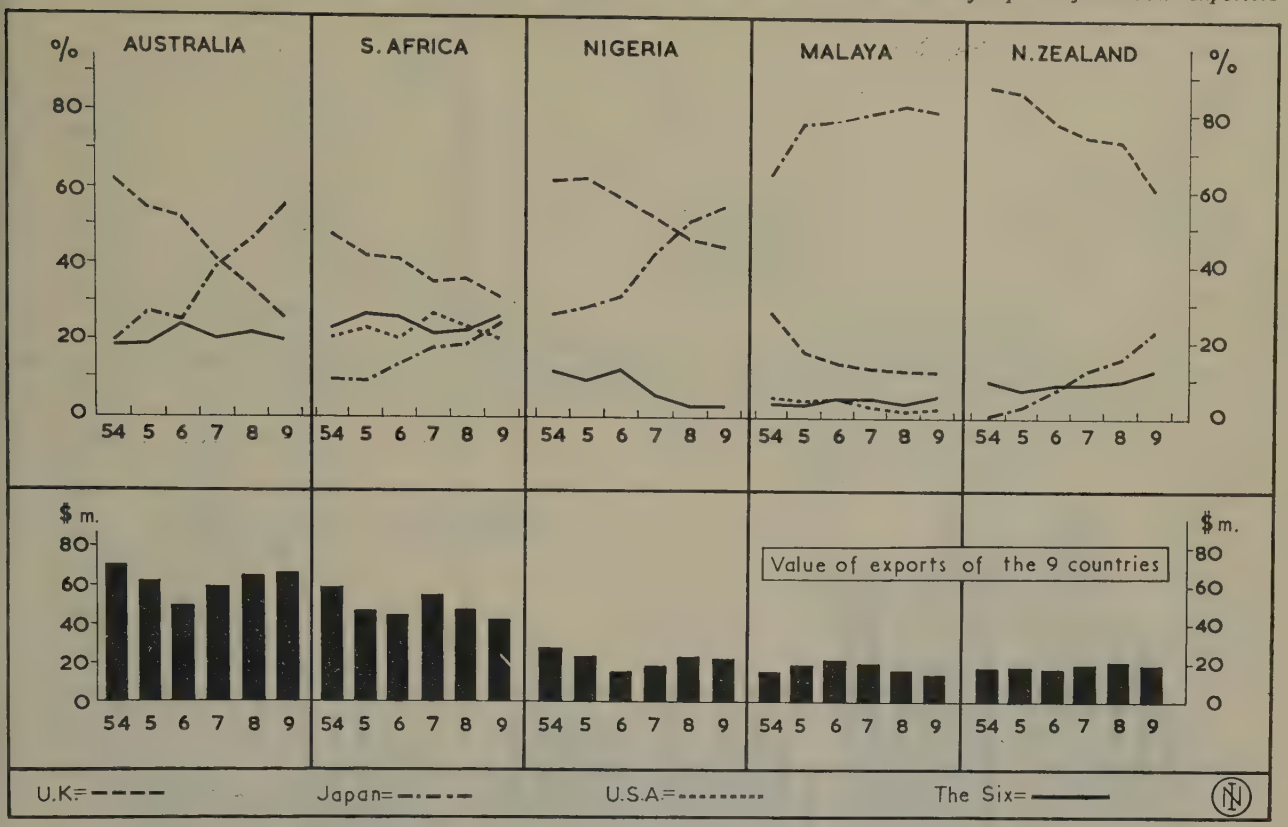
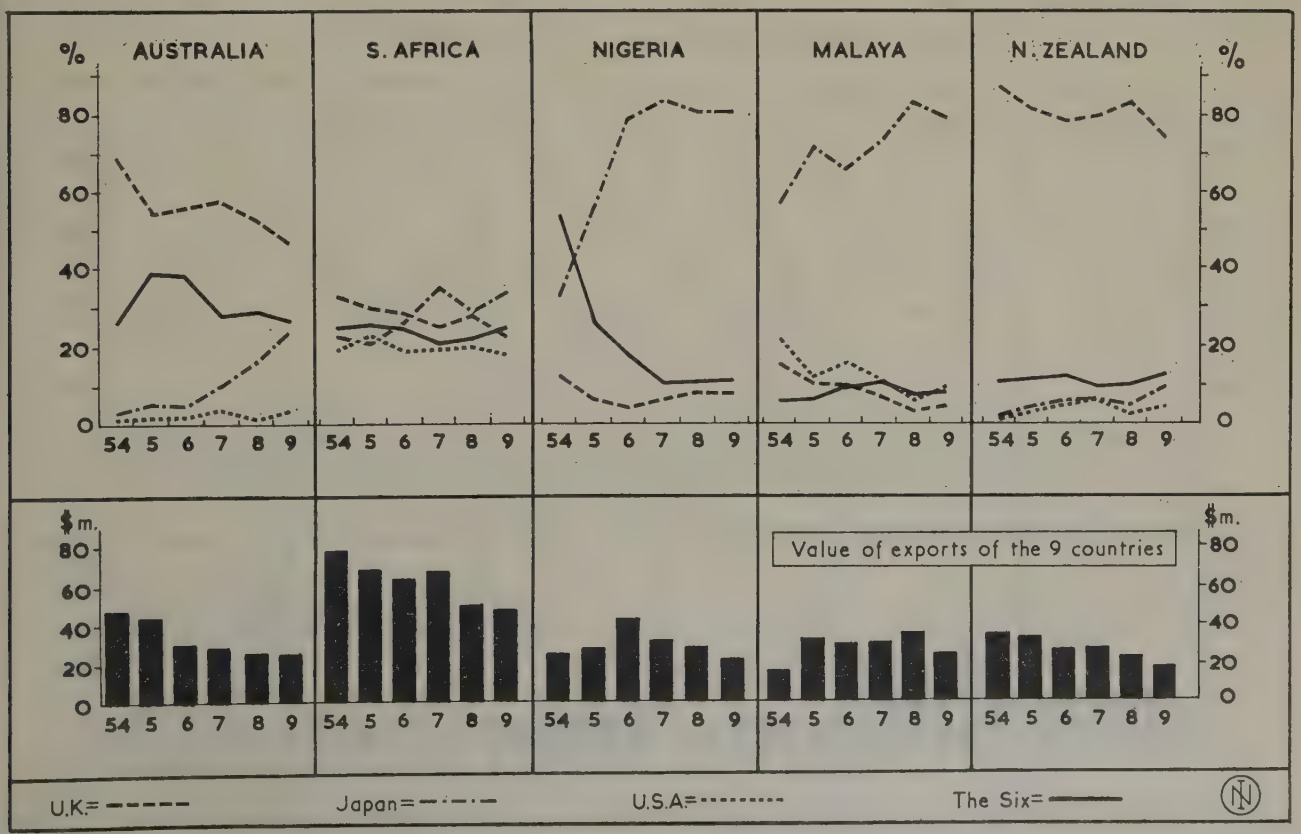


Chart 7. Changing shares in exports of miscellaneous fabrics (SITC 653)

Per cent of exports of nine main exporters



Source : See Appendix I, table 36.

Chart 8. Changing shares in exports of road motor vehicles (SITC 732)

Per cent of exports of nine main exporters

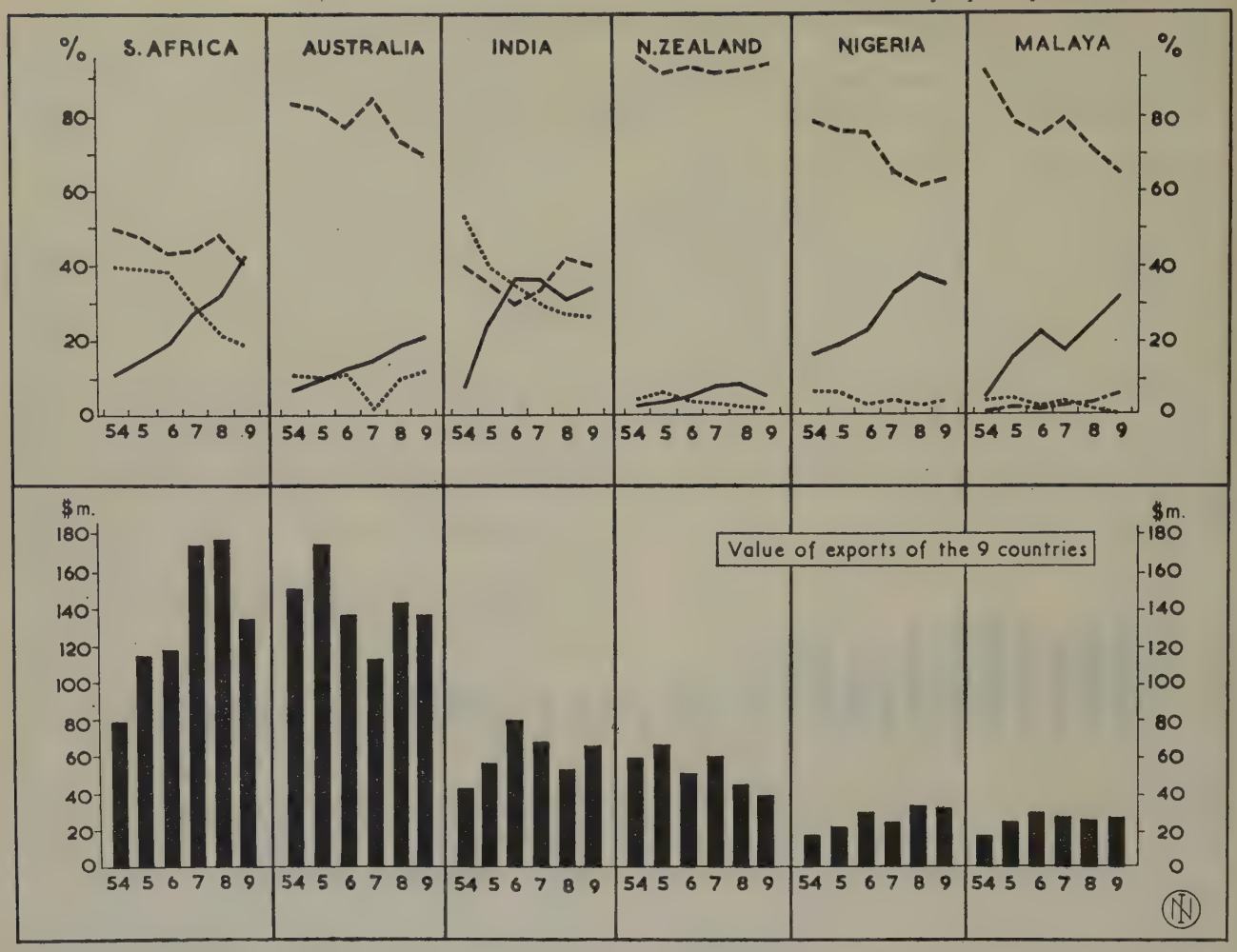
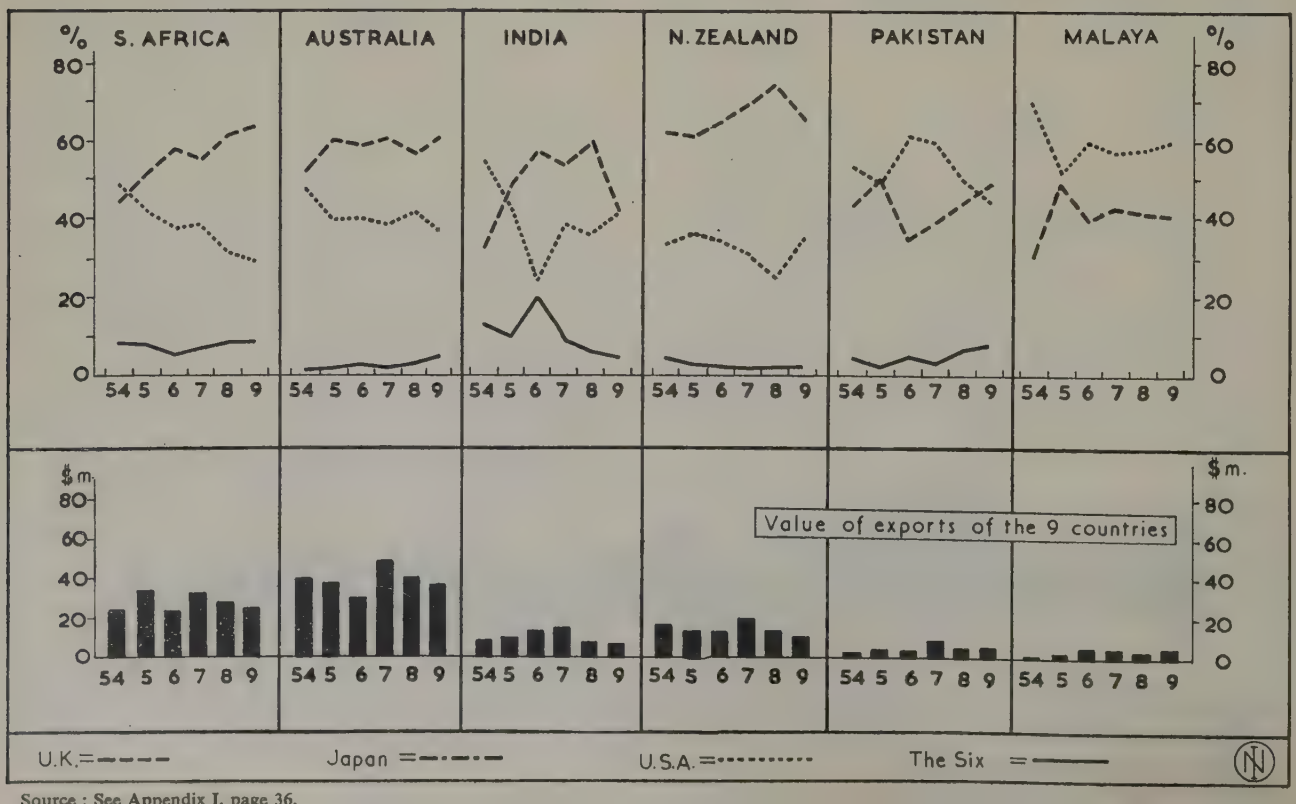


Chart 9. Changing shares in exports of tractors (SITC 713)

Per cent of exports of nine main exporters



Source : See Appendix I, page 36.

Chart 10. Changing shares in exports of iron and steel (SITC 681)

Per cent of exports of nine main exporters

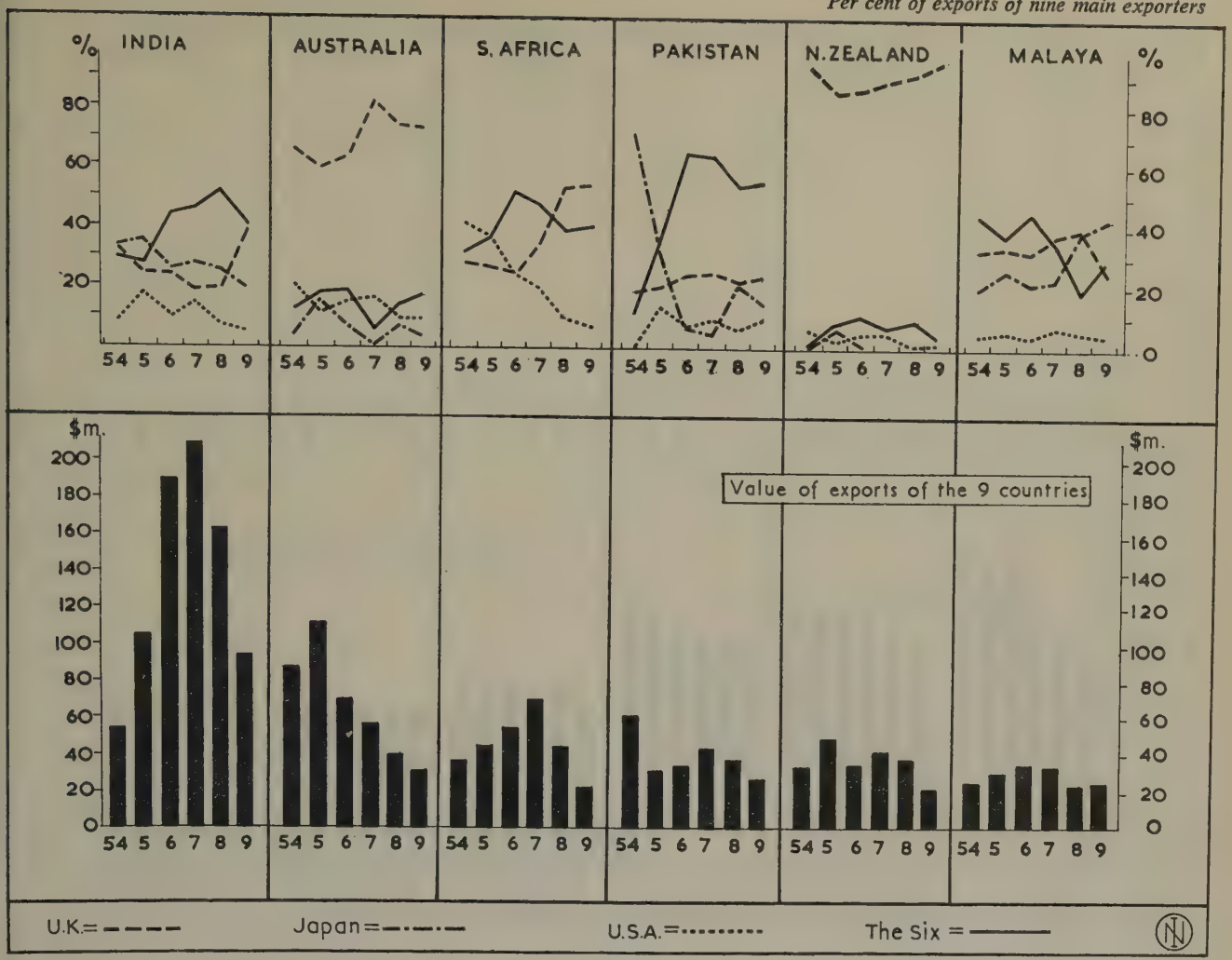
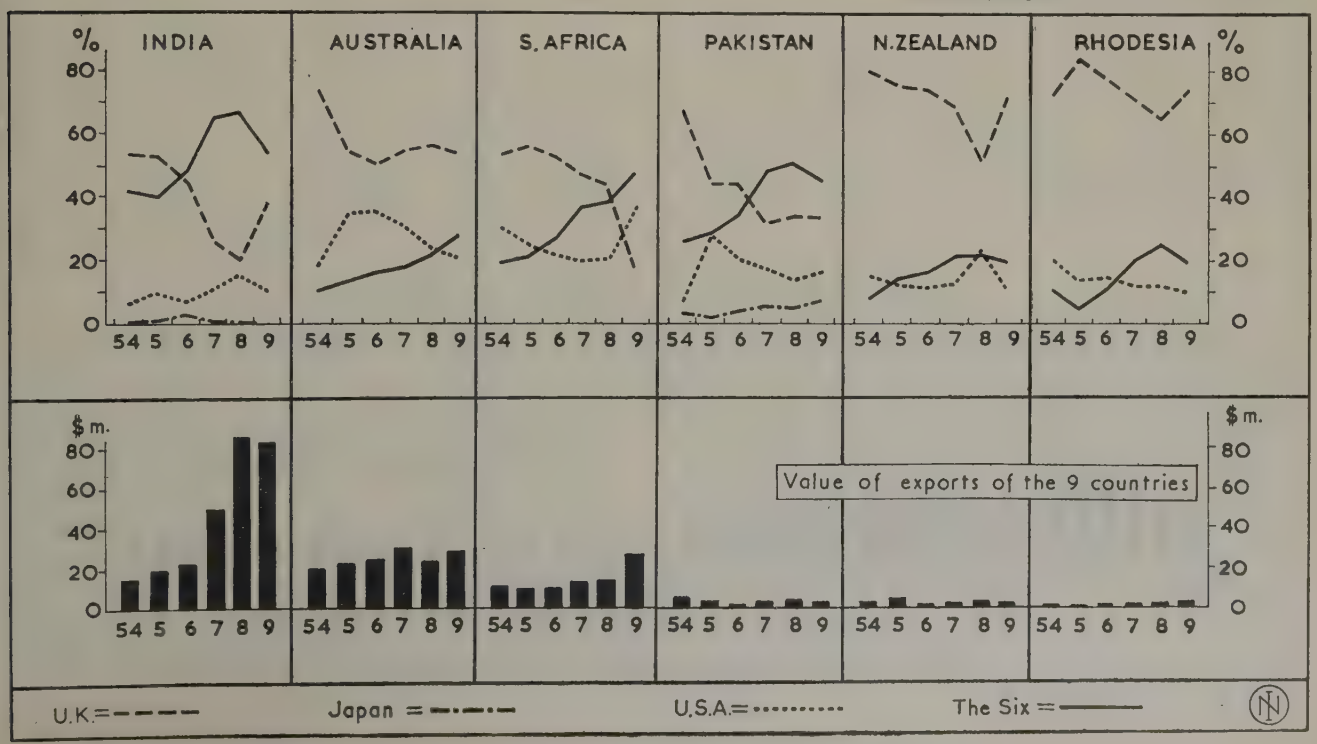


Chart 11. Changing shares in exports of metal-working machinery (SITC 715)

Per cent of exports of nine main exporters



Source : See Appendix I, page 36.

Chart 12. Changing shares in exports of electrical machinery (SITC 721)

Per cent of exports of nine main exporters

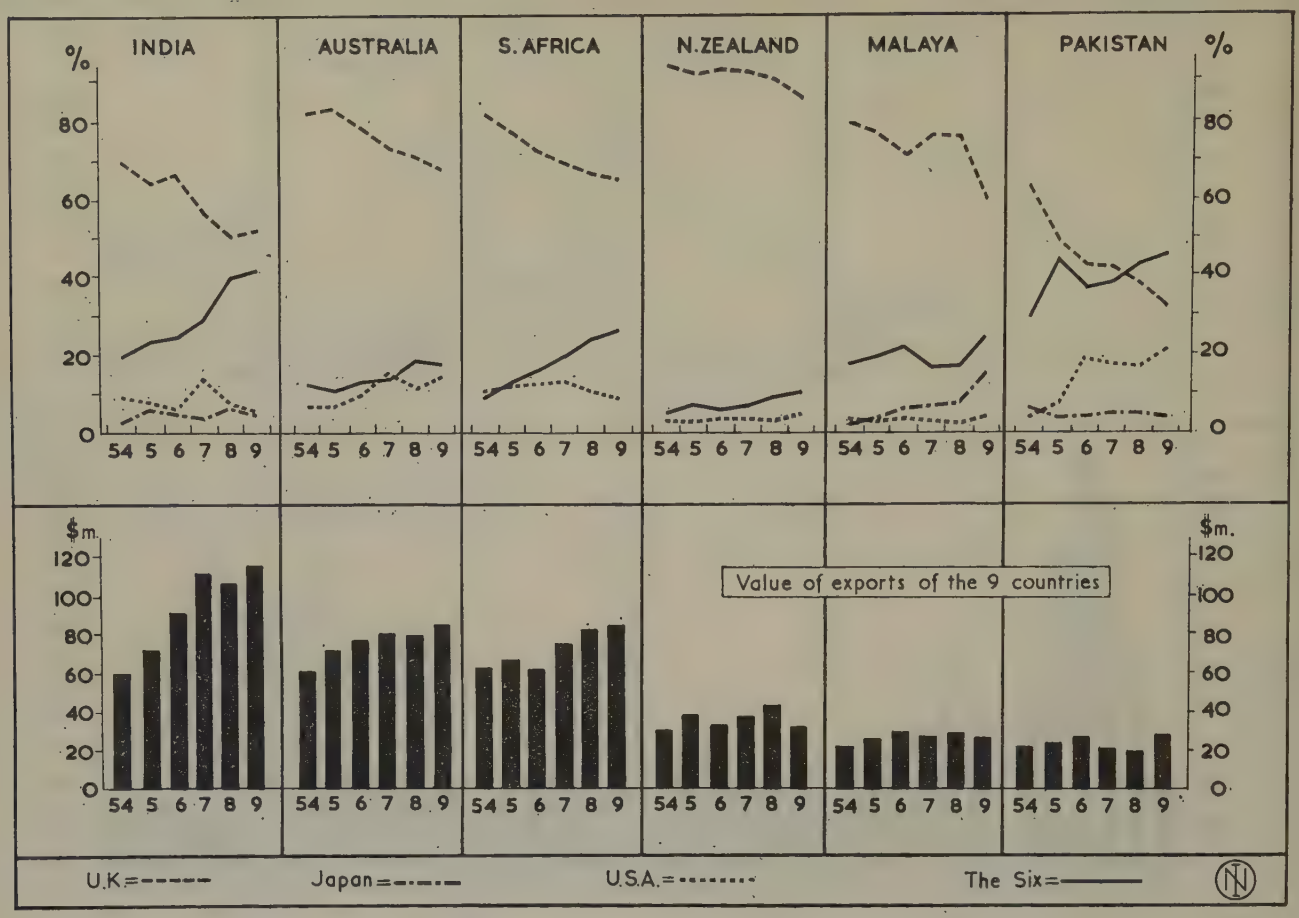
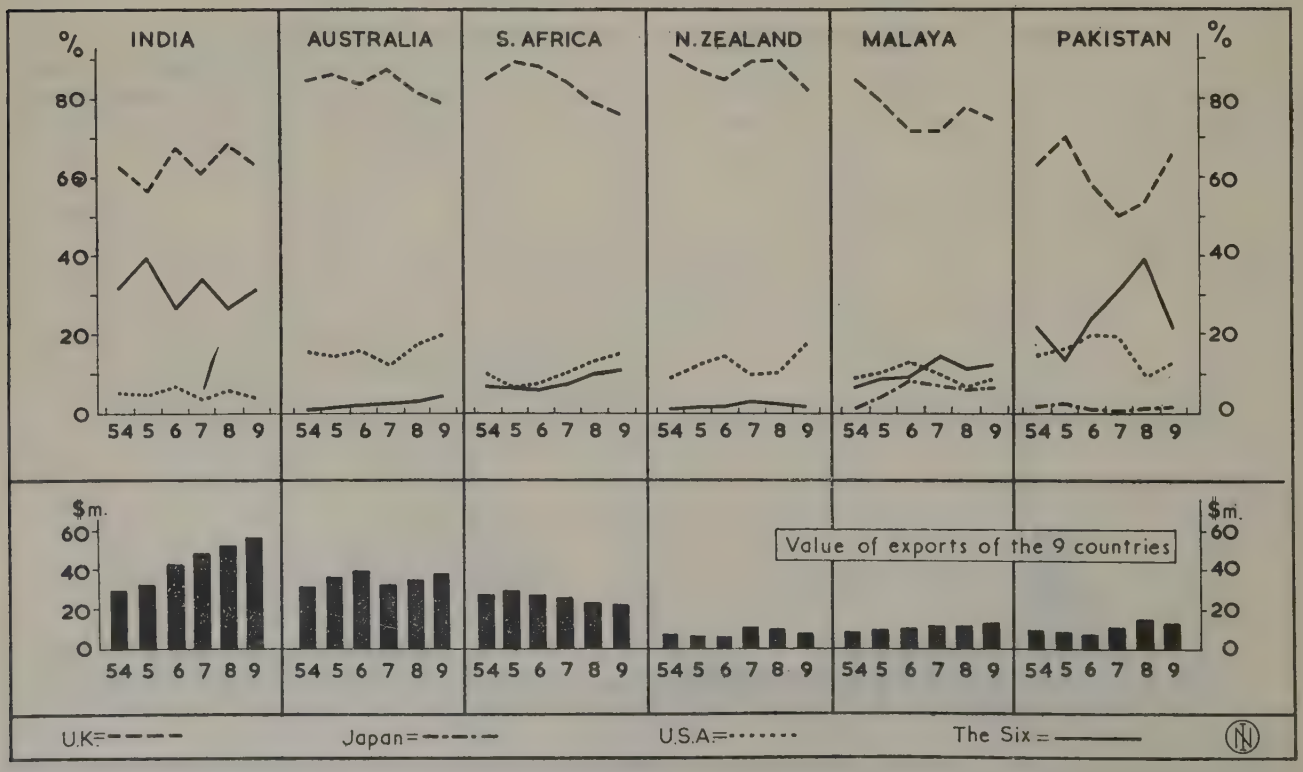


Chart 13. Changing shares in exports of power machinery (SITC 711)

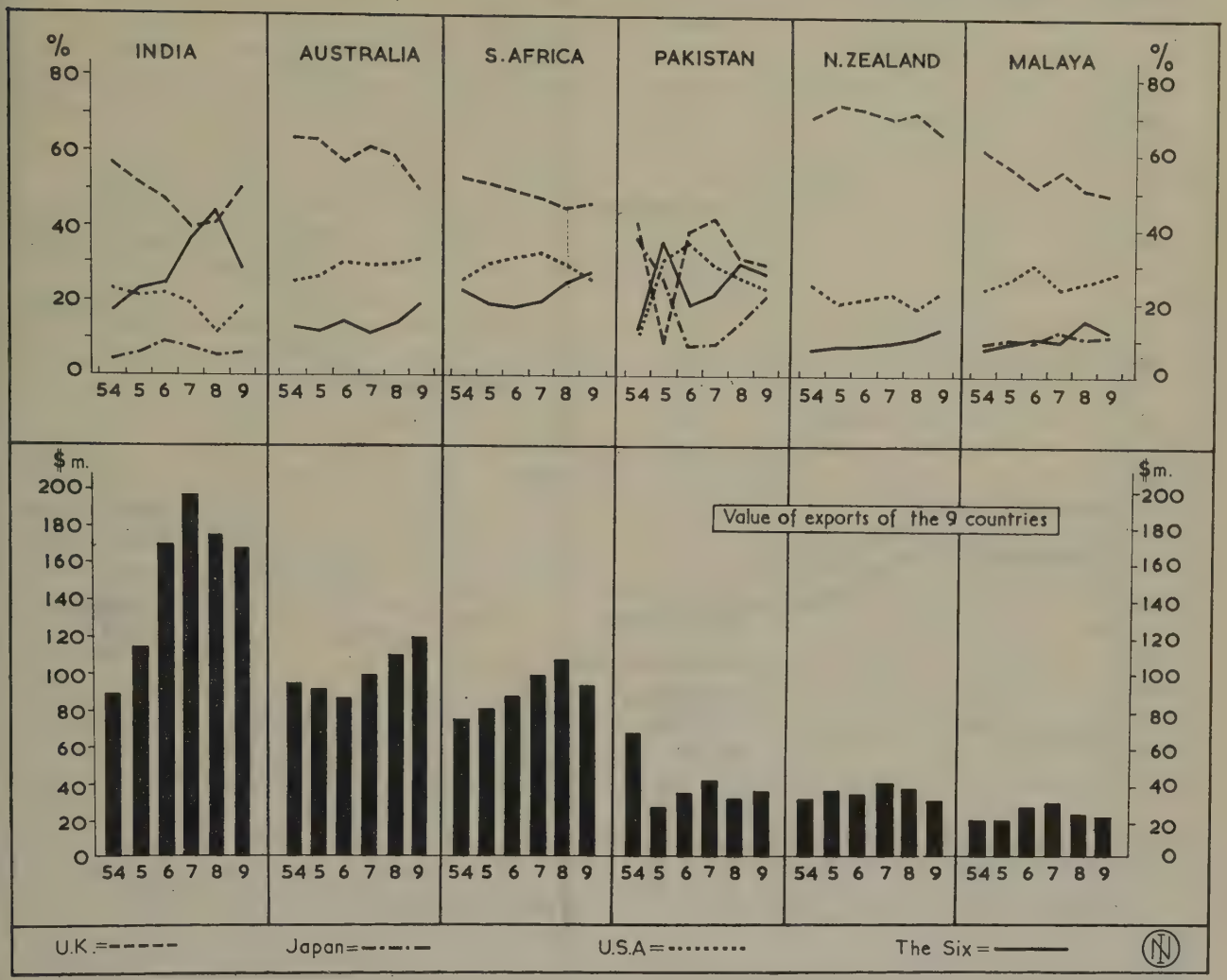
Per cent of exports of nine main exporters



Source : See Appendix I, page 36.

Chart 14. Changing shares in exports of machinery not elsewhere specified (SITC 716)

Per cent of exports of nine main exporters



Source : See Appendix I, page 36.

categories of machinery differs widely ; her share in metal-working machinery and electrical machinery fell much more in most countries than her share in power machinery or in the general machinery group (' machinery n.e.s.'). This different experience must almost certainly be a matter of competitiveness rather than of discrimination.

Britain's share in the market for motor vehicles fell heavily almost everywhere—except in New Zealand, where the preference is very high. In chemicals, her share fell less than average in most markets.

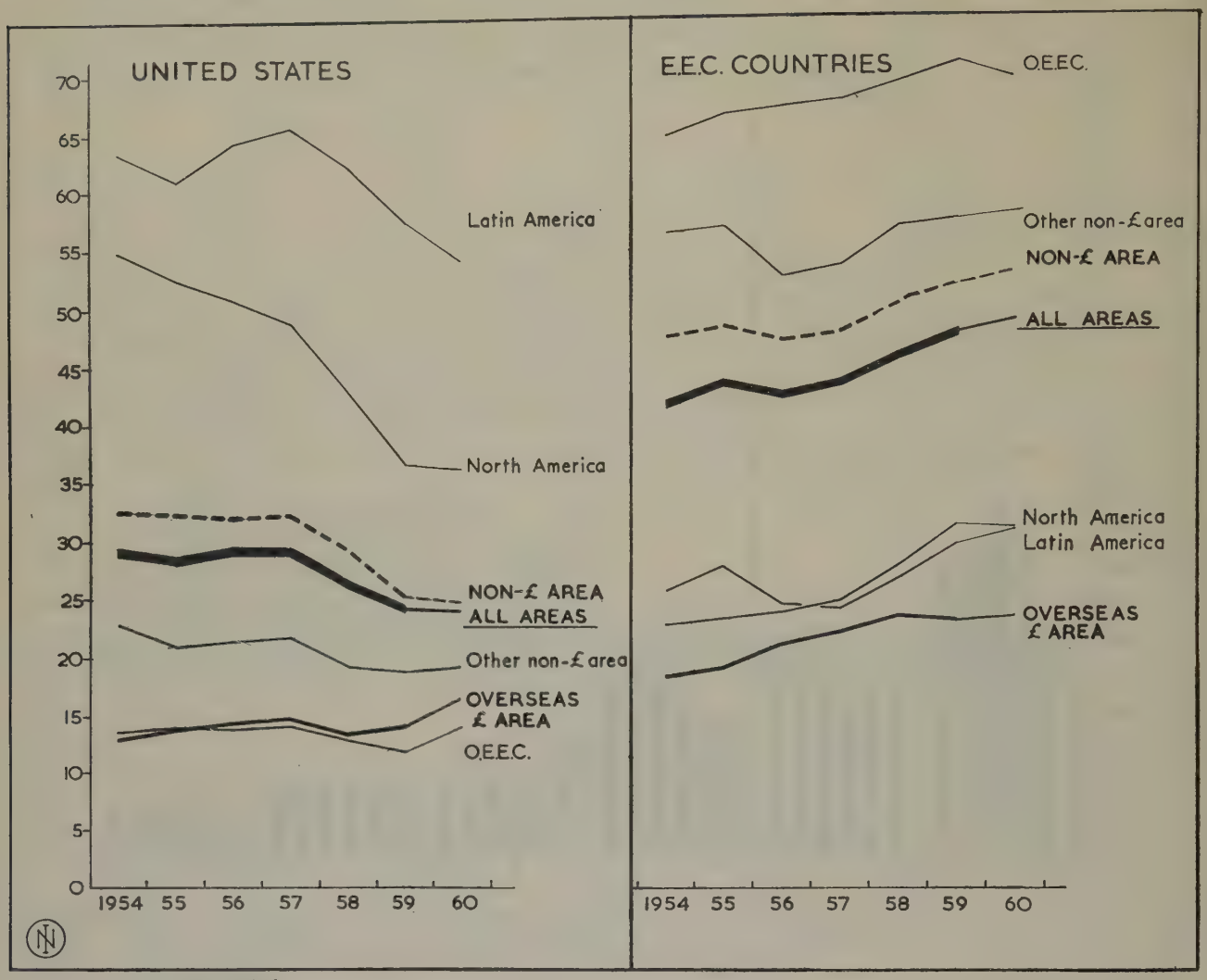
III. GENERAL CONCLUSIONS

The effect of reduced discrimination

Up to 1959, the reduction in discrimination in Britain's favour in the sterling area cannot be accorded a very high place as an explanation of her falling share. Admittedly it explains part of it ; it helps to explain the rise in the Japanese share, particularly in textiles in a number of countries, and probably some part of the rise in the United States share in 1959. (Deliveries of aircraft account for about half the rise in the United States share in exports of manufactures to the overseas sterling area in that year.) It is probably significant that in this period up to 1959 the overseas sterling area was the only market in which the United States share rose (chart 15). In all other main regions of the world, it fell. For at the beginning of the period, although discrimination against the dollar was world-wide, it is probably true that the overseas sterling area was more severe in keeping out dollar goods than the rest of the world as a whole ; the United States therefore stood to gain more from relaxations in discrimination in this area than in others.

Chart 15. The United States and Common Market countries shares in exports of manufactures, by area

Per cent[a]



Source : See Appendix I, table 6.

(a) Of the exports of the nine main exporters.

However, from 1954 to 1959 it was not the United States or Japan which gained most at Britain's expense, but the Common Market countries (table 2). They were hardly helped at all by reduced discrimination over the period ; most quota discrimination against them had been removed by 1954 or earlier, and the reduction in preferences negotiated in the United Kingdom/Australian agreement was probably not very important. Moreover their gains were in general no greater in the sterling area than elsewhere (chart 15). Britain's experience in South Africa is another piece of evidence : South Africa did not reduce discrimination at all during this period, but Britain's share fell about as fast as it did on average in countries where there was relaxation—with the Common Market countries making all the gains. (The same is true of Pakistan—which is, however, a special case.) Further, in the country-by-country studies there were only a few instances—such as trade agreements with Japan—where it was possible to identify a sharp change in trend after a relaxation in discrimination.

Table 2. Britain's loss of share in the overseas sterling area

Per cents of exports of manufactures of nine main exporters

	1954 to 1959	1959 to 1960 (estimate)	1954 to 1960 (estimate)
Lost by United Kingdom	− 9.7	*− 4.7*	*− 14.4*
Gained by :			
Common Market ..	+ 5.2	*+ 0.2*	*+ 5.4*
United States.. ..	+ 1.6[a]	*+ 2.4*	*+ 4.0*
Japan	+ 2.9	*+ 2.1*	*+ 5.0*

Source : Appendix I, table 6.

(a) Of which 1.3 was in 1959 ; 0.6 of this 1.3 was accounted for by increased exports of aircraft.

There are only partial and provisional figures for 1960 ; but it is fairly certain that in that year reduced discrimination was a more important explanation of the very large fall in Britain's share. In 1960 the big gains were made, not by the Common Market countries, but by the United States and Japan (table 2) and both countries stood to gain from recent relaxations. But these relaxations probably do not explain the whole of the United States gain—for the United States also made some gains in markets where there was no change in import policy to help her.

The once-and-for-all effect of reduced discrimination will probably be largely over by the end of this year ; there is now hardly any discrimination left against the dollar—New Zealand car imports are almost the only important exception—and there is not a great deal of quota discrimination, in overseas sterling area countries, against Japan ; what there is can be expected to be eased very slowly or replaced by tariffs in some cases. If the assessment given here is right, the end of the period of relaxations should slow down the rate at which Britain's share is falling, but it is hardly likely by itself to stop the fall.

Other questions

Four other questions were asked—to see if any link could be established which would help to explain the pattern of Britain's falling share in different countries and in different years. First, how did Britain's performance compare in years in which trade was rising fast with her performance in years when trade was contracting ? Secondly, did Britain's share tend to fall more in countries where it was originally high ? Thirdly, what was the importance of the size of the British preferential tariff margin ? Finally, can anything be said about the connection between foreign investment and falling shares ?

Only the first of these questions can be answered fairly confidently. It does appear to be true to some extent that Britain's exports to the sterling area markets fluctuate less from year to year than those of her competitors. In five out of the seven main markets (Australia, New Zealand, Rhodesia, India and Pakistan) British exports fluctuated less than the total market (if allowance is made for the stable trend of one and the rising trend of the other). In the other two (South Africa and the colonies[1]) fluctuations were about equal. When imports rise rapidly, foreign countries may be the marginal suppliers of goods which Britain cannot provide, because her industrial capacity has been insufficient. Australia's iron and steel imports in 1960 are an example of this : all other main steel exporters increased their supplies to Australia much more than Britain did. When trade contracts, the pattern of trade may move in Britain's favour. Because her exports have been more stable—on a trend which was rising more slowly than total imports—Britain's share has tended to fall rather sharply in years when trade rose fast, and it has fallen more slowly, or even risen, in years of contracting trade. Taking the year-to-year movements in the seven main markets, Britain's share fell on 33 occasions, and rose on only 9 occasions ; 7 of the 9 occurred on one of the comparatively few occasions when the imports of the particular country or area fell.[2]

This tendency helps to explain Britain's sharp fall in share in 1960, when sterling area imports rose very fast ; this year these imports will rise much more slowly—if at all—and Britain's share should consequently go down less, and might rise.

The difficulty of trying to examine the possible effect of high preference margins on the one hand and a high initial share in the market on the other, is that the same countries tend to have both (table 3) and the two factors might be expected to work in opposite directions. A high preferential tariff can serve to deter competitors from attempting to enter the market at all—as it has probably done, for instance, in the market for cars in New Zealand. On the other hand, where Britain had 80 per cent of the market she was clearly more vulnerable to competition than where she had 50 per cent.

Britain's fall in share seems to have been as big in countries where she had a low initial share of the market (and no preference margin) as it was in countries where she had a high initial share of the market (and a high preference margin) (table 3). This may be because the two factors had offsetting effects, or it may be because neither of them had much effect at all. There is at any rate not much in the figures to support the idea that Britain's fall in sterling area markets is likely automatically to flatten out when it reached, say, 50 per cent of the total.

Finally, there is the possible link between Britain's investment in a particular country, and her falling share in that country. One way of looking very

[1]Including newly independent territories—Malayan Federation, Ghana, Nigeria and Cyprus.

[2]This proposition can be set out as follows :

Britain's share :

The market :	Rose	Fell
Rose	2	26
Fell	7	7

Using the χ^2 test it can be shown that if there were no relationship between changes in total trade and changes in Britain's share, a degree of association as close as that illustrated by this pattern would occur by chance about 1 in 200 times.

Table 3. Possible factors in Britain's falling share in sterling area markets, 1954 to 1960

	Britain's share of the market for manufactures in 1954[a]	Decline in Britain's share, 1954 to 1960	*Decline in Britain's share, 1958 to 1960*	Average margin of preference on all imports from Britain, 1948	Ratio of Britain's investment, 1958/59 average, to her exports of manufactures in 1959
	Per cent of market	*Per cent of market*	*Per cent of market*	*Per cent*	
Federation of Rhodesia	87.2	— 17.0	— *6.7*	10–11	1 : 7
New Zealand	84.9	— 13.2	— *9.8*	16–17	1 : 25
Australia	71.7	— 21.0	— *14.4*	13–14	1 : 10
Ghana	63.3[b]	— 8.9[c]	— *6.4*	none	1 : 32
Nigeria	60.5	— 6.4	— *2.1*	none	1 : 26
Malaya	54.7	— 15.3	— *7.7*	5	1 : 7
South Africa	52.8	— 11.6	— *8.3*	1–2	1 : 11
India	46.3	— 7.7	— *1.1*	3	1 : 20
Pakistan	45.2	— 14.9	— *4.2*	3	1 : 26

Source : Columns 1-3, see Appendix I, tables 9 to 20. Column 4, 'Imperial Preference : a quantitative analysis', G. D. A. McDougall and Rosemary Hutt, *Economic Journal*, June 1954. Column 5, *Board of Trade Journal*, 17 February 1961, page 388. This gives estimates of Britain's direct investment abroad, excluding oil and insurance.

(a) Britain's share in the exports of the nine main exporters. (b) 1955. (c) 1955-1960.

roughly at this relationship is to examine the ratio of Britain's investment to her exports in each of the countries for which figures are available, and to see if there is a connection between relatively high investment and a rapidly falling share. But this connection between investment and shares is a very complex one. In the first instance, British investment will probably lead to bigger exports of plant and machinery. Once the plant is established in the country it may—though it is not certain—replace British exports more than those of other countries—depending on whether the plant is producing some specialised article previously imported from Britain, or a relatively homogeneous commodity imported from a wide range of countries. There is a further possibility—the plant may be an assembly plant, and imports from Britain might conceivably increase rather than decrease after it had been set up. Any detailed investigation of these questions is beyond the scope of this article. The total figures for investment in each country certainly show no simple relationship with falling shares. The ratio of direct investment to exports is high in Rhodesia, Australia, Malaya and South Africa, and relatively low in other countries. Britain's share did fall a little faster, on average in the first four markets than in the others ; but this fact can do no more than tentatively suggest that there might be some connection.

Summing-up

Any country with over half the market for imported manufactures in another country is in a very vulnerable position ; it would be surprising if, over a long period of time, any manufacturing country had a genuine competitive advantage over so wide a field. The reduction in discrimination in Britain's favour is only a partial explanation of Britain's falling share in sterling area markets. The normal processes of competition and the weakening of commercial and personal links as well as of official ties with Britain could be quite enough to explain the rest. Consumers and importers have become steadily more aware of the array of goods offered by competing countries ; firms from those countries have vigorously attacked sterling area markets. In the old Dominions tastes are becoming more cosmopolitan than they were.

Indeed, it is in some ways surprising that Britain has kept such a high share in this group of markets for so long. Pre-war comparisons for shares in the market for manufactures are available for only a few overseas sterling area countries (table 4). In three of the four countries shown in the table, Britain's share was higher in 1954 than in 1937. Falls from the very high 1954 level were to be expected.

Britain's share in sterling area markets is now well below 1937. Even so, it is still very much higher than in all the important non-sterling markets, and

Table 4. Shares in exports of manufactures to certain overseas sterling area markets, 1937, 1954, and 1960

Per cent

	1937	1954	1960
Australia			
United Kingdom	66.3	71.7	50.7
Common Market	9.4	13.2	18.2
of which			
W. Germany	*5.9*[a]	*5.7*	*9.6*
United States	18.1	12.6	21.2
Japan	6.2	2.5	9.9
	100.0	100.0	100.0
New Zealand			
United Kingdom	78.1	84.9	71.7
Common Market	3.3	7.2	10.8
of which			
W. Germany	*2.3*[a]	*3.5*	*5.1*
United States	14.4	7.3	12.7
Japan	4.2	0.6	4.8
	100.0	100.0	100.0
South Africa			
United Kingdom	57.2	52.8	41.2
Common Market	15.0	18.2	27.8
of which			
W. Germany	*8.5*[a]	*7.8*	*15.6*
United States	23.3	25.2	25.2
Japan	4.5	3.8	5.8
	100.0	100.0	100.0
India and Pakistan			
United Kingdom	44.9	48.3	36.5
Common Market	24.0	22.4	32.9
of which			
W. Germany	*16.3*[a]	13.3	*18.6*
United States	8.2	13.2	18.7
Japan	22.9	16.1	11.9
	100.0	100.0	100.0

Source : 1937 figures are from 'Industrialisation and International Trade,' a forthcoming book by A. Maizels of the National Institute. For 1954 and 1960 figures, see Appendix I, tables 9 to 16.

(a) Pre-war Germany.

Britain's exports are spread around the world very unevenly (chart 2, page 19). This is likely to be a continuing source of difficulty for some time. These relatively high shares will probably continue to come down, though more slowly than in the last five years (once recent relaxations in discrimination have had their effects). Also, sterling area markets have been growing much more slowly than others, and may well continue to do so.

But there is a bright side to the picture : the fact that—at least from 1955 to 1959—Britain held her share in non-sterling markets (chart 1, page 18). (It is true that it fell in 1960 ; but this was mainly because the United States share rose in European markets, where convertibility was followed by the virtual ending of discrimination in 1959. This makes it doubtful whether declining competitive power can have been the predominant cause of Britain's loss of share in the sterling area. Had it been so, one would have expected falls in non-sterling markets as well.

The continuing erosion of Britain's advantages in the sterling area markets makes it likely that some loss will go on unless her competitive power is increased ; in the long run, Britain probably stands a better chance of raising her share in non-sterling markets than of keeping her present share in sterling ones. All the same, it may be that the rapidly growing non-sterling markets—mainly in North America and Europe—have attracted more initiative and enterprise from exporters than the traditional and formerly 'easy' markets in the sterling area. Britain cannot afford to take these markets for granted even though ties of sentiment, custom and a common language remain important.

APPENDIX I. BASIC STATISTICAL TABLES,[1] SOURCES AND DEFINITIONS

General

The figures are for the exports of nine countries—the six EEC countries (Belgium-Luxembourg, France, Western Germany, Netherlands, Italy), Japan, the United Kingdom, and the United States.

' Manufactures ' are the goods covered by the Standard Industrial Trade Classification, sections 5 to 8. United States special category exports are excluded throughout.

The sources used were :

1954-1959 *Yearbooks of International Trade Statistics*, United Nations.
Commodity Trade Statistics, United Nations.
Board of Trade Journal.
Japanese Trade Accounts.

1960 estimates were based on OEEC and national statistics of foreign trade.

Tables 5 and 6

Area groupings are in general defined as in the Notes to the Statistical Appendix (page 80). However, for consistency with the country tables, Iceland and the Irish Republic are included in OEEC and not in the overseas sterling area, while the latter includes Iraq and the Yemen. Exports to the United Kingdom are excluded.

Tables 8 to 20

The grouping of overseas sterling countries in these tables follows that used in the United Nations sources.

Middle East : Aden, Bahrain, Iraq, Jordan, Kuwait, Libya, Qatar, Muscat & Oman, Trucial Oman, Yemen.

Far East Independent : Burma, Ceylon, India, Pakistan.

Other Territories : Sterling countries not covered by the above two groups, or shown in tables 8 to 11 (except for Iceland and Irish Republic which are excluded throughout).

Export figures are used throughout, except for Nigeria and Ghana for which only import figures were available.

[1]Copies of the figures on which the commodity charts are based (charts 6 to 14), together with additional figures for other commodities and other countries, can be obtained on request to the *National Institute Economic Review.*

Table 5. Value of combined exports of manufactures of nine main exporting countries

$ billion

	1954	1955	1956	1957	1958	1959	1960
North America	3.6	4.4	5.8	5.9	5.9	7.5	7.3
OEEC countries	7.7	9.1	10.2	11.4	11.2	12.8	16.6
Latin America	4.1	4.1	4.5	5.6	5.3	4.8	4.9
Other non-sterling area	4.9	5.5	6.3	7.2	7.3	7.5	8.9
Total non-sterling area	**20.3**	**23.2**	**26.8**	**30.1**	**29.7**	**32.6**	**37.7**
Overseas sterling area	4.9	5.6	6.0	6.5	6.3	6.2	7.3
All areas	**25.2**	**28.8**	**32.8**	**36.5**	**36.0**	**38.8**	**45.0**

Table 6. Share of nine main exporting countries in exports of manufactures, by area

Per cent

	1954	1955	1956	1957	1958	1959	1960 (est.)
United Kingdom							
North America	17.0	15.4	16.8	17.1	18.2	17.7	16.8
OEEC countries	20.9	18.8	18.0	16.9	16.5	16.0	13.6
Latin America	7.2	7.1	7.7	7.6	7.4	8.4	9.3
Other non-sterling area	11.6	13.0	13.4	12.2	11.8	12.1	12.0
Total non-sterling area	**15.2**	**14.5**	**14.9**	**14.1**	**14.1**	**14.4**	**13.3**
Overseas sterling area	60.7	57.6	55.1	52.9	53.3	51.0	46.3
All areas	**24.0**	**23.1**	**22.3**	**21.0**	**20.8**	**20.3**	**18.7**
United States							
North America	54.7	52.4	50.9	48.7	43.2	36.8	36.0
OEEC countries	13.5	13.7	13.7	13.9	12.7	11.8	15.5
Latin America	62.3	61.0	64.2	65.5	62.1	57.2	54.0
Other non-sterling area	22.2	20.7	21.2	21.5	19.0	18.7	19.5
Total non-sterling area	**32.6**	**32.4**	**32.0**	**32.2**	**29.0**	**25.9**	**25.4**
Overseas sterling area	12.9	13.6	14.1	14.5	13.2	14.5	17.0
All areas	**28.8**	**27.8**	**28.8**	**28.8**	**26.3**	**24.0**	**24.0**
Common Market Countries							
North America	22.5	23.4	23.9	24.8	27.7	31.4	31.2
OEEC countries	64.8	66.6	67.2	67.7	69.2	71.0	69.5
Latin America	25.8	27.6	24.6	24.2	26.9	29.8	30.9
Other non-sterling area	56.2	56.8	52.6	53.3	56.9	57.6	58.1
Total non-sterling area	**47.5**	**48.2**	**47.2**	**47.7**	**50.5**	**52.6**	**54.4**
Overseas sterling area	18.1	19.1	21.1	22.1	23.6	23.3	23.5
All areas	**41.8**	**43.2**	**42.4**	**43.4**	**46.0**	**47.9**	**49.3**
Japan							
North America	5.8	8.8	8.5	9.4	11.0	14.1	16.0
OEEC countries	0.8	0.9	1.1	1.5	1.6	1.3	1.4
Latin America	4.6	4.3	3.5	2.6	3.6	4.6	5.8
Other non-sterling area	10.0	9.5	12.8	13.0	12.4	11.5	10.3
Total non-sterling area	**4.7**	**5.0**	**5.9**	**6.0**	**6.5**	**7.1**	**7.0**
Overseas sterling area	8.3	9.7	9.7	10.5	9.9	11.2	13.3
All areas	**5.4**	**5.9**	**6.6**	**6.9**	**6.9**	**7.8**	**8.0**

Table 7. Exports of manufactures by the nine exporters to selected destinations, 1955 and 1959

Per cent shares in total exports of the nine countries

Exporter / Destination	Common Market				Japan		United States		United Kingdom		*All nine exporters*	
	Total		Western Germany								*Value, $ million*	
	1955	1959	1955	1959	1955	1959	1955	1959	1955	1959	1955	1959
Belgium-Luxembourg	69.4	76.8	29.7	32.3	0.6	0.8	15.7	12.1	14.3	10.3	*1,011.5*	*1,331.8*
France	59.6	71.8	27.1	41.6	0.3	0.3	23.6	14.9	16.5	13.0	*981.2*	*1,299.9*
Western Germany	69.6	69.7	—	—	1.2	1.4	16.0	14.3	13.2	14.6	*1,089.1*	*2,050.8*
Netherlands	72.0	76.9	33.1	37.7	1.4	1.0	10.3	8.5	16.3	13.6	*1,483.3*	*1,851.7*
Italy	61.8	66.8	38.3	41.7	0.5	0.7	18.5	16.3	19.2	16.2	*655.1*	*1,002.1*
Switzerland	76.2	76.5	43.4	45.1	0.5	1.6	15.0	10.8	8.3	11.1	*725.2*	*1,108.7*
Sweden	64.4	67.2	39.8	42.8	1.1	1.6	12.1	11.1	22.4	20.1	*929.8*	*1,181.0*
Norway	55.0	69.4	29.5	44.4	0.1	2.0	7.6	6.1	37.3	22.5	*439.3*	*531.1*
United Kingdom	63.8	72.7	21.7	28.6	3.2	2.5	33.0	24.8	—	—	*1,009.2*	*1,267.6*
United States	56.4	55.0	21.1	22.6	21.3	23.4	—	—	22.3	21.6	*1,621.0*	*3,808.3*
Canada	4.2	7.3	1.9	3.6	1.4	2.9	82.8	75.6	11.6	14.2	*2,817.2*	*3,622.4*
Japan	28.3	28.3	16.7	17.2	—	—	59.7	61.3	12.0	10.4	*234.3*	*498.8*

Table 8. Exports of eight main exporters to selected sterling area destinations, as a percentage of world exports to each destination by SITC section

Per cent

	1954	1955	1956	1957	1958
Australia, New Zealand, Union of South Africa, Rhodesian Federation					
Chemicals	82.9	81.6	81.5	80.3	82.9
Machinery	91.3	90.5	89.0	90.1	90.6
Other manufactures	76.9	75.9	73.7	73.5	72.8
Total manufactures	83.1	82.4	80.9	81.2	81.8
Middle East					
Chemicals	92.2	89.8	88.4	86.8	89.2
Machinery	95.3	96.1	94.9	95.6	97.1
Other manufactures	73.9	76.2	77.8	79.6	78.8
Total manufactures	83.2	84.4	85.2	85.8	86.5
Far East Independent					
Chemicals	87.2	87.7	83.9	83.0	81.5
Machinery	92.3	92.3	89.3	86.4	82.3
Other manufactures	70.0	76.2	72.4	71.3	69.3
Total manufactures	81.9	84.7	80.9	79.4	77.1
Other Territories					
Chemicals	81.5	82.8	81.8	80.9	82.5
Machinery	91.9	92.1	92.1	92.0	92.2
Other manufactures	72.6	73.6	73.3	72.2	70.9
Total manufactures	78.4	79.5	79.5	78.6	78.3

Table 9. Shares in exports to Australia

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	18.7	19.1	23.9	20.0	21.0	21.2	22.6
of which : *W. Germany*	*11.3*	*11.8*	*14.9*	*12.8*	*13.6*	*15.3*	*15.5*
Japan	0.7	2.4	2.0	2.0	3.0	3.4	3.4
United States	17.3	14.4	13.3	14.4	14.6	19.2	22.7
United Kingdom	63.3	64.1	60.8	63.6	61.4	56.2	51.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**76.15**	**84.11**	**81.16**	**98.24**	**106.96**	**119.83**	**67.3**
Machinery and transport equipment							
Common market	7.7	8.2	9.6	10.4	13.7	16.8	17.9
of which : *W. Germany*	*5.1*	*5.0*	*6.5*	*7.3*	*9.2*	*10.2*	*9.8*
Japan	0.1	0.2	0.2	0.2	0.5	0.9	1.2
United States	18.6	19.3	19.0	21.3	18.0	26.7	22.3
United Kingdom	73.6	72.3	71.3	68.1	67.8	55.6	58.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**453.34**	**509.45**	**473.25**	**459.34**	**473.08**	**547.96**	**310.5**
All Manufactures							1960 Year (estimate)
Common market	13.2	14.6	15.2	14.3	16.4	17.9	18.2
of which : *W. Germany*	*5.7*	*6.1*	*7.3*	*7.7*	*8.9*	*9.7*	*9.6*
Japan	2.5	4.5	2.9	4.0	5.9	6.9	9.9
United States	12.6	12.3	13.0	14.4	12.6	18.9	21.2
United Kingdom	71.7	68.6	68.9	67.3	65.1	56.3	50.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**1,024.83**	**1,118.39**	**942.99**	**944.51**	**972.86**	**1,055.87**	**1,365.4**

Table 10. Shares in exports to New Zealand

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	22.4	17.9	17.6	18.7	21.9	22.2	20.9
of which : *W. Germany*	*8.0*	*6.4*	*7.4*	*9.4*	*10.3*	*12.0*	*12.0*
Japan	0.7	1.7	1.7	1.2	1.1	1.9	1.7
United States	10.0	12.8	14.6	14.8	13.6	17.5	19.7
United Kingdom	66.9	67.5	66.1	65.2	63.4	58.4	57.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**26.87**	**32.69**	**30.87**	**36.47**	**41.63**	**34.67**	**17.9**
Machinery and transport equipment							
Common market	4.1	5.0	5.0	6.3	7.2	7.2	6.7
of which : *W. Germany*	*2.4*	*3.2*	*3.3*	*4.0*	*4.3*	*3.8*	*2.9*
Japan	0.0	0.0	0.1	0.2	0.3	0.6	1.0
United States	12.0	13.1	11.3	12.4	9.4	13.1	19.5
United Kingdom	83.8	81.8	83.6	81.1	83.1	79.0	72.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**162.61**	**181.09**	**169.25**	**192.38**	**173.45**	**138.01**	**86.6**
All Manufactures							1960 Year (estimate)
Common market	7.2	8.1	8.6	8.9	9.9	10.0	10.8
of which : *W. Germany*	*3.5*	*4.0*	*4.3*	*4.9*	*4.8*	*5.1*	*5.1*
Japan	0.6	1.6	1.3	1.5	1.6	3.3	4.8
United States	7.3	8.2	8.1	8.8	7.0	9.8	12.7
United Kingdom	84.9	82.1	82.0	80.8	81.5	76.9	71.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**388.54**	**445.08**	**405.10**	**453.81**	**418.10**	**333.96**	**444.2**

Table 11. Shares in exports to South Africa

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	18.6	24.6	20.4	23.5	25.9	28.5	28.2
of which : *W. Germany*	*10.1*	*11.5*	*11.2*	*11.9*	*13.6*	*14.9*	*13.6*
Japan	0.2	0.3	0.3	0.3	0.1	0.6	0.8
United States	34.2	28.8	32.3	32.0	31.0	31.8	30.8
United Kingdom	47.1	46.3	47.0	44.2	43.0	39.1	40.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**58.01**	**70.12**	**70.21**	**81.16**	**80.07**	**84.53**	**48.6**
Machinery and transport equipment							
Common market	14.2	14.3	15.8	21.1	24.3	28.2	27.0
of which : *W. Germany*	*10.0*	*10.0*	*10.4*	*14.5*	*18.7*	*20.8*	*19.0*
Japan	0.1	0.1	0.3	0.5	0.6	2.3	1.3
United States	25.1	27.9	30.3	25.6	20.6	18.8	24.0
United Kingdom	60.7	57.7	53.6	52.8	54.5	50.7	47.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**338.98**	**383.18**	**374.63**	**467.58**	**542.92**	**459.85**	**249.1**
							1960 Year (estimate)
All Manufactures							
Common market	18.2	19.1	20.8	23.8	25.1	28.2	27.8
of which : *W. Germany*	*7.8*	*8.8*	*9.6*	*12.1*	*14.8*	*16.6*	*15.6*
Japan	3.8	3.2	4.1	5.0	3.8	5.7	5.8
United States	25.2	26.7	27.1	25.0	21.6	20.8	25.2
United Kingdom	52.8	51.0	48.0	46.2	49.5	45.3	41.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**765.76**	**842.68**	**832.03**	**977.67**	**993.97**	**875.06**	**974.0**

Table 12. Shares in exports to the Federation of Rhodesia

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	29.9	41.7	40.6	41.6	50.1	39.8	42.8
of which : *W. Germany*	*13.0*	*16.5*	*13.7*	*15.3*	*18.0*	*20.3*	*19.6*
Japan	—	—	—	—	—	0.1	0.3
United States	10.3	8.5	9.9	10.9	6.8	12.1	11.9
United Kingdom	59.8	49.7	49.5	47.5	43.0	48.0	45.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**8.92**	**13.06**	**13.43**	**17.12**	**15.83**	**14.47**	**8.2**
Machinery and transport equipment							
Common market	3.7	3.2	4.8	7.3	9.0	9.9	11.6
of which : *W. Germany*	*2.8*	*1.9*	*2.4*	*3.4*	*5.5*	*5.9*	*6.6*
Japan	—	—	—	—	0.1	0.1	0.1
United States	9.3	7.9	9.8	12.1	7.6	5.9	9.3
United Kingdom	87.0	88.9	85.5	80.6	83.3	84.2	79.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**67.31**	**84.77**	**94.80**	**97.36**	**87.67**	**86.38**	**45.5**
All Manufactures							1960 Year (estimate)
Common market	6.3	8.0	10.2	13.8	15.9	15.3	18.4
of which : *W. Germany*	*2.6*	*3.2*	*3.8*	*4.8*	*6.4*	*7.4*	*9.6*
Japan	0.2	0.5	0.8	1.0	1.0	2.0	3.2
United States	6.3	6.6	7.5	8.7	6.2	5.6	8.2
United Kingdom	87.2	84.9	81.5	76.5	76.9	77.1	70.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**135.59**	**159.58**	**181.10**	**198.07**	**169.98**	**160.07**	**167.5**

Table 13. Shares in exports to the Middle East sterling countries

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	25.9	24.8	24.5	25.5	27.0	32.6	34.9
of which : *W. Germany*	*7.4*	*6.9*	*8.0*	*10.9*	*11.0*	*14.6*	*15.1*
Japan	—	0.1	0.2	0.4	0.5	1.2	1.0
United States	19.1	10.4	13.7	12.5	14.0	12.6	12.1
United Kingdom	55.0	64.7	61.6	61.6	58.5	53.6	52.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**23.04**	**26.94**	**29.16**	**36.45**	**38.34**	**45.60**	**26.2**
Machinery and transport equipment							
Common market	13.9	20.3	23.2	19.7	24.9	23.4	29.0
of which : *W. Germany*	*8.5*	*11.8*	*12.9*	*12.8*	*14.9*	*14.1*	*16.0*
Japan	1.0	1.4	0.9	1.1	1.5	6.1	3.3
United States	28.4	30.3	31.5	33.0	30.9	34.9	30.8
United Kingdom	56.7	47.9	44.4	46.2	42.7	35.6	36.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**128.61**	**144.10**	**180.37**	**205.50**	**228.15**	**259.10**	**128.4**
							1960
All Manufactures							
Common market	20.3	26.5	26.4	25.4	30.4	29.1	34.4
of which : *W. Germany*	*8.1*	*9.9*	*10.6*	*11.3*	*14.1*	*14.2*	*14.7*
Japan	11.7	12.5	10.6	11.5	10.2	12.9	10.7
United States	17.0	16.4	18.6	19.0	19.0	20.6	19.4
United Kingdom	51.0	44.6	44.4	44.1	40.4	37.4	35.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**299.35**	**346.23**	**415.62**	**512.47**	**530.42**	**568.28**	**299.0**

Table 14. Shares in exports to Far East Independent sterling countries

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	31.3	34.7	35.7	36.6	34.1	33.3	37.6
of which : *W. Germany*	*16.9*	*17.1*	*16.3*	*19.3*	*15.5*	*17.3*	*18.3*
Japan	2.6	3.2	2.2	4.0	7.7	12.6	6.3
United States	16.4	15.4	18.6	17.1	16.2	14.6	21.4
United Kingdom	49.6	46.7	43.6	42.4	42.0	39.4	34.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**139.51**	**157.94**	**180.43**	**186.66**	**146.69**	**187.59**	**111.39**
Machinery and transport equipment							
Common market	24.9	26.5	28.9	32.2	36.2	31.4	31.2
of which : *W. Germany*	*14.4*	*19.8*	*20.4*	*23.8*	*27.3*	*24.5*	*19.8*
Japan	7.2	7.7	6.4	8.1	5.9	5.6	8.3
United States	16.9	18.3	18.2	16.1	14.6	13.0	19.7
United Kingdom	51.0	47.4	46.5	43.6	43.4	49.9	40.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**516.91**	**572.42**	**696.68**	**829.76**	**822.57**	**821.84**	**429.14**
All Manufactures							1960 Year (estimate)
Common market	25.9	27.6	32.0	33.3	36.3	31.1	30.8
of which : *W. Germany*	*12.3*	*15.3*	*16.1*	*19.6*	*22.4*	*20.1*	*17.1*
Japan	14.9	15.1	11.9	13.3	12.2	11.9	15.7
United States	12.3	14.4	14.4	13.6	11.7	11.3	16.5
United Kingdom	46.7	42.9	41.7	39.8	39.8	45.7	37.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**1,048.60**	**1,203.02**	**1,499.78**	**1,679.88**	**1,495.59**	**1,444.32**	**1,614.8**

Table 15. Shares in exports to India

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	31.8	37.0	34.6	38.5	32.3	31.8	37.1
of which : *W. Germany*	*19.5*	*19.9*	*18.0*	*20.5*	*16.2*	*17.7*	*18.6*
Japan	3.1	3.0	2.3	2.4	9.2	16.0	4.1
United States	19.3	16.9	21.1	19.8	21.1	18.1	29.7
United Kingdom	45.8	43.2	42.1	39.2	37.4	34.1	29.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**92.54**	**104.82**	**121.62**	**118.15**	**91.98**	**128.75**	**68.74**
Machinery and transport equipment							
Common market	27.0	28.6	30.6	35.9	40.1	33.6	31.7
of which : *W. Germany*	*15.8*	*22.2*	*21.6*	*26.7*	*30.2*	*26.7*	*21.0*
Japan	2.7	7.3	6.4	5.9	3.7	3.7	4.1
United States	20.1	20.0	18.0	14.7	12.7	11.6	19.3
United Kingdom	50.2	44.1	44.9	43.5	43.5	51.0	44.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**307.96**	**395.35**	**533.26**	**629.46**	**636.12**	**600.69**	**291.36**
All Manufactures							1960 Year (estimate)
Common market	29.9	31.1	33.8	36.9	40.9	33.9	31.8
of which : *W. Germany*	*14.8*	*18.3*	*17.9*	*22.8*	*26.3*	*23.0*	*19.0*
Japan	7.2	10.9	9.7	9.5	7.9	7.5	10.4
United States	16.6	17.1	15.7	14.2	11.5	11.3	19.2
United Kingdom	46.3	40.9	40.8	39.4	39.7	47.3	38.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**574.82**	**760.07**	**1,060.55**	**1,167.97**	**1,057.16**	**961.18**	**1,012.4**

Table 16. Shares in exports to Pakistan

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	33.6	27.2	36.1	38.4	45.0	43.0	40.8
of which : *W. Germany*	*16.1*	*14.0*	*16.0*	*24.7*	*19.0*	*24.1*	*23.2*
Japan	2.2	4.6	1.8	10.3	5.6	5.6	11.3
United States	12.5	19.5	21.4	19.4	10.0	10.3	9.7
United Kingdom	51.8	48.6	40.7	32.0	39.4	41.2	38.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**24.75**	**26.98**	**28.94**	**33.45**	**28.89**	**25.47**	**23.5**
Machinery and transport equipment							
Common market	22.2	23.8	23.4	22.5	29.6	30.8	32.4
of which : *W. Germany*	*11.6*	*16.9*	*16.6*	*17.8*	*23.5*	*21.9*	*16.7*
Japan	17.3	8.8	3.9	4.1	5.3	7.8	17.3
United States	13.1	18.9	28.4	31.0	29.2	22.4	26.1
United Kingdom	47.4	48.5	44.4	42.4	35.8	39.0	24.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**147.92**	**104.64**	**90.73**	**108.32**	**106.29**	**135.26**	**94.8**
All Manufactures							1960 Year (estimate)
Common market	24.6	25.3	33.4	32.6	36.1	34.3	36.2
of which : *W. Germany*	*10.1*	*12.5*	*13.9*	*17.1*	*19.0*	*19.6*	*17.5*
Japan	21.2	18.7	8.2	7.2	9.9	10.4	16.3
United States	9.0	14.7	19.4	22.1	19.5	17.7	17.2
United Kingdom	45.2	41.3	39.0	38.1	34.5	37.6	30.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**262.57**	**228.54**	**211.74**	**228.89**	**216.50**	**235.11**	**340.9**

Table 17. Shares in exports to other territories

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	31.9	25.3	22.7	21.2	20.0	21.1	21.7
of which : *W. Germany*	*11.6*	*8.4*	*8.2*	*8.4*	*7.8*	*9.7*	*10.1*
Japan	1.8	2.0	2.3	3.2	4.0	4.7	4.7
United States	6.3	7.2	10.1	12.6	13.6	16.2	17.1
United Kingdom	60.1	65.6	64.9	63.0	62.4	58.0	56.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**146.78**	**157.25**	**163.58**	**181.95**	**185.62**	**214.26**	**119.7**
Machinery and transport equipment							
Common market	10.8	12.0	11.8	14.1	15.4	17.0	18.6
of which : *W. Germany*	*5.7*	*6.8*	*7.4*	*8.5*	*9.3*	*10.3*	*10.5*
Japan	2.3	2.3	2.8	3.4	3.1	4.8	6.2
United States	10.2	10.7	11.9	13.4	12.5	12.6	13.4
United Kingdom	76.8	75.0	73.5	69.0	69.0	65.5	61.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**367.79**	**478.88**	**589.40**	**588.62**	**589.77**	**631.87**	**392.8**
							1960 First half
All Manufactures							
Common market	19.4	18.3	17.7	18.0	17.6	19.2	20.0
of which : *W. Germany*	*7.9*	*7.4*	*7.6*	*8.2*	*8.1*	*8.7*	*8.6*
Japan	12.8	15.5	16.9	17.3	16.6	17.5	17.7
United States	7.8	8.3	9.2	10.4	10.4	11.1	12.3
United Kingdom	60.0	57.9	56.2	54.3	55.4	52.2	50.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**1,255.22**	**1,518.95**	**1,742.08**	**1,795.84**	**1,711.85**	**1,798.41**	**1,040.5**

Table 18. Shares in exports to the Federation of Malaya

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	17.6	21.5	21.5	21.8	16.8	23.4	24.3
of which : *W. Germany*	*5.3*	*7.4*	*9.3*	*8.9*	*8.2*	*11.8*	*13.2*
Japan	1.5	3.3	2.1	4.3	6.5	8.6	8.1
United States	9.2	10.5	10.9	10.8	12.2	12.4	10.4
United Kingdom	71.7	64.6	65.5	63.1	64.5	55.6	57.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**25.43**	**33.00**	**35.90**	**35.32**	**35.58**	**37.69**	**21.58**
Machinery and transport equipment							
Common market	9.7	13.4	15.5	12.8	16.3	19.0	19.1
of which : *W. Germany*	*4.8*	*6.2*	*7.6*	*7.4*	*9.0*	*10.2*	*11.2*
Japan	3.9	4.5	5.5	6.8	6.3	10.2	12.2
United States	10.7	11.2	13.5	11.6	10.3	12.2	15.5
United Kingdom	75.7	71.0	65.5	68.8	67.1	58.7	53.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**75.63**	**87.42**	**111.49**	**108.99**	**97.17**	**98.77**	**59.84**
All Manufactures							1960 Year (estimate)
Common market	17.7	18.8	21.3	19.3	16.9	20.4	20.8
of which : *W. Germany*	*6.4*	*7.0*	*8.5*	*8.7*	*7.8*	*9.6*	*9.8*
Japan	17.7	22.5	20.7	22.7	27.9	28.5	29.5
United States	9.9	9.1	10.2	9.3	8.2	9.2	10.3
United Kingdom	54.7	49.6	47.8	48.7	47.0	41.9	39.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**240.46**	**297.18**	**342.60**	**333.29**	**300.75**	**295.92**	**362.1**

Table 19. Shares in exports to Nigeria

Per cent

	1954	1955	1956	1957	1958	1959	1960 First half
Chemicals							
Common market	10.6	9.9	14.8	17.3	24.5	19.1	16.1
of which : *W. Germany*	*3.4*	*3.2*	*3.9*	*5.3*	*5.8*	*9.2*	*7.0*
Japan	—	—	—	—	0.1	0.3	0.1
United States	1.5	2.2	1.1	0.8	0.7	0.9	1.3
United Kingdom	87.9	87.8	84.2	81.8	74.7	79.7	82.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**13.10**	**18.97**	**19.63**	**20.74**	**24.11**	**26.90**	**15.33**
Machinery and transport equipment							
Common market	12.6	13.2	15.0	22.6	22.7	21.1	21.5
of which : *W. Germany*	*9.3*	*8.2*	*10.1*	*12.4*	*13.4*	*11.3*	*12.8*
Japan	0.2	0.3	0.7	0.6	0.9	1.3	1.9
United States	9.9	5.7	5.2	8.2	12.2	6.4	8.2
United Kingdom	77.3	80.9	79.1	68.7	64.3	71.2	68.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**55.33**	**76.08**	**87.98**	**85.41**	**108.76**	**119.81**	**66.13**
All Manufactures							
Common market	24.2	18.1	19.3	20.8	21.5	21.2	21.6
of which : *W. Germany*	*12.3*	*9.2*	*10.0*	*9.9*	*9.9*	*9.2*	*9.2*
Japan	12.4	18.3	19.8	17.8	17.3	15.6	15.9
United States	3.0	2.1	2.0	3.3	5.0	3.3	4.3
United Kingdom	60.4	61.5	58.9	58.1	56.2	59.9	58.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**211.24**	**255.27**	**284.72**	**275.67**	**314.39**	**337.06**	**190.2**

Table 20. Shares in exports to Ghana

Per cent

	1955	1956	1957	1958	1959	1960 First half
Chemicals						
Common market	7.8	8.4	12.3	13.5	16.0	14.5
of which : *W. Germany*	*3.7*	*3.8*	*4.7*	*6.3*	*8.5*	*6.5*
Japan	—	0.1	—	0.1	0.1	0.1
United States	0.7	0.8	0.9	1.4	1.1	1.6
United Kingdom	91.5	90.8	86.8	85.1	82.9	83.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**14.86**	**16.78**	**19.36**	**17.58**	**24.07**	**13.01**
Machinery and transport equipment						
Common market	12.9	15.3	17.5	20.2	31.2	57.4
of which : *W. Germany*	*9.4*	*9.9*	*11.5*	*12.9*	*22.8*	*47.8*
Japan	0.3	0.3	0.3	0.3	0.6	0.6
United States	6.1	7.3	6.9	9.4	9.6	6.3
United Kingdom	80.7	77.2	75.2	70.1	58.6	35.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**40.70**	**46.81**	**45.06**	**40.63**	**69.65**	**62.07**
All Manufactures						
Common market	19.7	20.4	22.2	23.0	27.8	41.1
of which : *W. Germany*	*7.6*	*7.7*	*8.6*	*9.2*	*13.3*	*27.4*
Japan	15.2	14.7	17.0	12.7	11.5	9.2
United States	1.8	2.5	2.5	3.4	4.5	3.9
United Kingdom	63.3	62.4	58.3	60.9	56.2	45.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total (*mn.* $)	**156.63**	**159.70**	**164.34**	**142.55**	**199.42**	**128.9**

APPENDIX II. CHANGES IN DISCRIMINATORY PRACTICES IN STERLING AREA COUNTRIES, 1954 to 1960.

The information given in these summaries has been obtained from GATT publications, from *Foreign Commerce Weekly* (published by the United States Department of Commerce) and other sources.

Australia

1953 *Position at the beginning of* 1953. All imports were subject to licence, but imports from countries other than *Japan and the dollar area* were licensed in a non-discriminatory manner. Licences for imports from the dollar area were issued only for essential goods which were not available from other sources in adequate quantities or on reasonably comparable cost and delivery terms.

1953, 1954 *Japan.* Imports from Japan were liberalised in July 1953 on a selective basis, and in October increased licensing facilities were announced for Japanese goods in line with the increases in other non-dollar imports. The list was further extended in April 1954 to include certain goods such as motor vehicles, textiles and tools, and quotas for some items were increased. On 22 November 1954 Japan was incorporated into the then non-dollar non-Japanese schedule, but with limits on Japanese imports.

1955 *Dollar area.* Restrictions were intensified in October 1955. The reduction was by 12½ per cent, which was similar to the cut in the imports from non-dollar countries subject to individual licensing control. A step was taken towards the lowering of the degree of discrimination by establishing a list of basic materials, notably sulphur, paper, pulp, cotton and aluminium which would be licensed without discrimination, thus allowing importers to buy from the cheapest sources.

Japan. There was some reduction in discrimination against Japanese goods.

1956 *Non-dollar area.* Non-dollar quotas were reduced for both essentials and non-essentials. This might have had the effect of increasing the dollar share a little, although the dollar budget was reduced from £A24 million to £A23 million.

1957 The ' all countries ' licensing list was extended by the addition of 21 items, making a total of 35 items. A $50 million IBRD loan was the main source of dollars to finance increased dollar imports. The United Kingdom/Australia trade agreement of February opened the way to reducing Most Favoured Nation duty rates on many products. On 23 May 1957 reductions were made in Most Favoured Nation duty rates on over 800 items.

Japan. Australia concluded a trade agreement with Japan in July 1957, and the discriminatory treatment of a number of goods was abolished. To safeguard Australian industry the level of imports was closely watched. The agreement also accorded Most Favoured Nation instead of General Tariff treatment to Japanese goods.

1958 Discrimination against imports from the dollar area was reduced in April and August. Some 30 items of industrial materials and other products were transferred to the world licensing list in April and further items of capital equipment, electrical apparatus and parts, etc., were similarly transferred in August and in December. Eighteen items were exempted from licensing in August and 5 in December. Capital equipment and chemicals items transferred to the world basis in August were significant.

1959 On 1 April 1959 some 330 items totalling about £170 million a year and covering over 20 per cent of current imports were added to the list of imports licensed from any source. This raised the proportion from 50 per cent to 70 per cent of total imports which were licensed without discrimination. 20 per cent of the total was freed from any control. On 1 August 1959, a further 60 items were added to the world licensing list and a few more on 1 December 1959, covering, in all, 90 per cent of imports.

1960 By the beginning of 1960, virtually all dollar import discrimination had been removed except that applying to motor vehicles, which was eliminated on 1 October 1960.

On 23 February 1960, imports of about 200 items only, mainly consumer goods, remained subject to control. Ninety per cent of imports entered freely. On 20 May 1960, more items were released from quota restrictions, freeing almost the entire list of imports. The goods still subject to control were mainly those produced by Australian industries which are sensitive to Japanese competition—for instance, textiles, clothing, pottery, toys.

New Zealand

1954 *Position at the beginning of* 1954. Imports from scheduled countries (mainly dollar countries, Japan and Eastern European countries except Czechoslovakia and Yugoslavia) were relatively severely restricted. There was no quota discrimination against OEEC countries. There was some relaxation of licensing of Japanese imports in May 1953, to take effect in 1954 (the main items were salmon, manures, iron and steel products, textiles and timber).

Dollar area and Japan. On 26 April 1954, 24 new items were added to the world exemption list ; these included, in the main, essential raw materials or equipment for industry. This was estimated to entail a further expenditure of £380,000 on dollar goods. At the same time additional licences were scheduled to be granted for dollar goods, totalling about £2.3 million. This included licences for 23 items where previously none had been issued.

As from 30 July 1954, world exemption items were increased to over 90 (including items of machinery). Japanese as well as dollar goods were affected.

1955 *Dollar area.* In July import discrimination was reduced by increasing world exemption items to 150. The policy adopted in April 1955 of according more liberal treatment to applications for licences for essential plant and equipment and industrial material from the dollar area was continued and in some cases licences were being issued without restrictions.

The reduction in quotas for motor vehicles from 'non-scheduled' countries was accompanied by a reduction in permissible imports from the United States of special types of vehicles.

1956 *Dollar area.* The liberal policy towards North American goods subject to licensing continued.

1957 The 1957 policy did not change appreciably from that of 1956. World exemption items were increased to 170. The new additions included industrial and mining machinery, electric railway equipment, transistors, and iron and steel. The amount of dollar exchange was raised from £8.8 million to £11 million. In a GATT report it was stated that from 1954-55 to 1956-57, New Zealand raised the percentage of dollar liberalisation of private imports from 29 per cent to 65 per cent. Imports into New Zealand from the dollar area had no tendency to increase ; there was a decline in imports of some specific items which had been liberalised.

1958 *Dollar area and Japan.* On 1 January 1958, because of balance of payments difficulties, full import control was restored. The category 'world exemption' was cancelled. The licensing allocations in the new 1958 Import Licensing Schedule were applied only to non-scheduled countries. Licences for scheduled countries were considered individually.

Dollar area. As from 14 March 1958, imports from North America of a wide range of items were put on the same licensing basis as those from non-scheduled countries : that is, there was less discrimination.

Japan. On 9 September 1958, a trade agreement was concluded giving Most Favoured Nation tariff and import licensing treatment to Japanese goods. Japan was removed from the list of scheduled countries, and licences issued for non-scheduled countries became available for Japanese goods. (At the same time Most Favoured Nation rates were applied to Japanese goods—the same as for the United States and OEEC countries except Britain—whereas previously general rates of duty had applied which for some items had been higher than Most Favoured Nation rates.)

1959 *Dollar area.* There was a significant reduction in discrimination. Except for just over 70 items in the 1959 Import Licensing Schedule, licences issued were available for the import of goods from any source.

1960 *Dollar area.* All discrimination was removed except for cars and timber. On 9 March 1960, discrimination was removed for timber. Discrimination is not now practised against Japan.

Union of South Africa

As from 1 January 1954, the South African Government ceased to discriminate between different sources of imports.

Federation of Rhodesia and Nyasaland

1954 *Dollar area.* The Federal Government carried forward the policy of liberalisation which had been started by the Government of Southern Rhodesia in 1953. The list of goods licensed freely upon request, for import from any source, was extended.

OEEC area. A special unrestricted list for imports from OEEC countries was introduced ; and certain goods were placed on Open General Licence. A supplementary step taken in December freed a number of steel items from restriction.

Japan. The import of limited quantities of Japanese cotton and rayon piece goods was permitted for the first half of the year. 15 per cent of allocations for these imports could be spent on Japanese products and applications for permits for other imports from Japan were considered.

1955 *Dollar area.* The list of goods which could be imported free of restriction from all sources except Japan was extended.

Non-dollar area. The liberalisation measures introduced in 1954 were continued into the first half of 1955. Beginning with the second half of 1955, considerable relaxations were allowed on imports from OEEC countries and seven other GATT members. Unlimited licensing was introduced for 10 or 13 classes, the three classes excluded being textiles, vehicles and certain types of paper. The goods liberalised represented 90 per cent of total imports from the countries concerned and the quotas for certain of the residual items were stepped up.

1956 *Non-dollar area.* From the beginning of 1956, textiles and new clothes were freed from restrictions. As a result of actions taken in 1956, imports from most non-dollar countries became completely free, apart from motor vehicles, second-hand clothing and certain paper items.

Dollar area. 385 tariff items and sub-items formerly prohibited or subject to quota were added to the unrestricted list. This meant that all dollar goods could be freely imported, except those on a special list which was still a big one, covering a wide range of consumer items.

1957 *Dollar area.* As from 1 July 1957, the Federation simplified its control system and extended the list of goods which could be imported from the dollar area. For a number of items the dollar quota was increased and on 31 August 1957 controls on the imports of certain road-building and construction equipment from dollar countries and from non-dollar, non-sterling area countries were relaxed.

1959 *Dollar area.* On 1 January 1959, certain items were deleted from the list of goods which required an import licence when imported from the dollar area. Some other items were placed under quota.

In November 1959, discriminatory import restrictions were removed from all dollar imports with the exception of blankets and rugs, clothing, nets and netting, tarpaulins, canvas and cotton piece goods, cutlery, metal furniture, radios and television sets, radiograms and gramophones.

1960 *Dollar area.* With effect from 1 January 1960 the following relaxations came into force. Blankets and rugs, textile nets and netting except for commercial fishing, tarpaulins, canvas, cutlery and metal furniture were entirely de-restricted. Quotas were established for remaining restricted items as follows—clothing £100,000 ; cotton piece goods for retail sales £200,000; television apparatus £10,000 ; radios, radiograms and gramophones £40,000. Commercial fishing nets remained completely restricted. Cotton piece goods for industrialists remained under licence but without restriction.

On 1 July, the remaining discriminatory controls on imports from the dollar area were removed.

Japan. On 15 February 1960, a trading agreement was concluded with Japan for a period of one year. Under the arrangement quotas were established for a relatively wide range of goods. In addition certain items of machinery and of iron and steel were permitted entry to the Federation freely under Open General Licence.

This arrangement is currently being reviewed by both Governments with a view to a further liberalisation of trade.

India

Throughout the period 1954 to 1960, there was no discrimination against OEEC countries. Discrimination against Japan was exercised according to GATT Article 35.

1954 *Dollar area.* Import policy for the second half of 1954 provided for a limited liberalisation of such essentials as iron and steel products, generators and hand tools. In September there were more relaxations.

1955 *Dollar area.* Continuing the 1954 relaxations, a further slight liberalisation was introduced in respect of some essential goods in short supply in the first half of 1955. In the second half of the year, for some 55 items, either dollar quotas were increased or a proportion of soft currency licences issued to each importer was made valid for imports from the dollar area.

1956 *Dollar area.* Freedom to use part of licences for imports from the dollar area was widened and discrimination thus reduced.

1957 *Dollar area.* Importers could use 50 per cent of the value of all licences to buy hard currency goods unless a higher dollar quota was specifically provided. Dollar quotas were increased for machine-worked cutters, diesel engines over 30 horse power and other items. No change occurred in the import policy for machinery.

1958 *Dollar area.* Discrimination against dollar imports was reduced through such actions as increasing the proportion of ' soft ' import licences which might be used in the dollar area. Granting of licences to import machinery depended on the ability of the importers to obtain deferred payment terms over a 5-year period, or finance under the Export-Import Bank Loan to India. Some items for which dollar area quotas were increased included electrical apparatus, precision and measuring tools, compressors, condensers and chillers for refrigerator units, certain chemicals, iron and steel rough castings, boiler tubes, copper and brass sheets, crude aluminium, agricultural implements, and spare parts for earth-moving machinery.

Japan. India concluded a general Most Favoured Nation agreement with Japan.

1959 *Dollar area.* After 18 December 1959, India permitted importers to use the full value of the licences held, for goods other than capital equipment, for purchases in the dollar area. As a result, imports from the dollar area were placed on a par with imports from other areas.

1960 Quota restrictions remain, but there is no discrimination.

Pakistan

As from the beginning of 1955, the distribution between dollar and non-dollar import licences was abolished, except for a few items subject to bilateral commitments. Pakistan's bilateral quotas in 1957 covered less than 0.5 per cent of total imports.

Colonies

Dollar area. Up to the end of 1958, imports from the dollar area were in general restricted to essential items not available elsewhere on competitive terms. The main exception was the West Indies, where a scheme for ' token imports ' from the United States and Canada had been in operation since the end of 1951. Additional dollar imports equal to 10 per cent of ' suppressed ' demand were agreed in July 1957.

From the beginning of 1959, a liberal licensing policy was introduced for imports of almost all materials, basic foodstuffs and the tools of production. Only consumer goods and certain foodstuffs and specialised machinery remained subject to restriction, and, in November 1959, territories were authorised to remove all discrimination except against Japan and the Soviet bloc.

Japan. In 1952, imports from Japan had been confined as far as possible to essentials. Controls were eased in April 1953, and from the beginning of 1954 imports were generally permitted in accordance with requirements. In Aden, Hong Kong and Singapore trade has been completely free since 1957, but specific licensing has remained in force in most other territories.

Continental OEEC. After the establishment of the EPU in mid-1950, open licences came into operation for a substantial volume of trade. But, in 1952, restrictions were reimposed with the object of reducing imports from the non-sterling area by the second half of the year to 85 per cent of the previous

year's level. These were greatly eased during the next two years, and by 1955 over 90 per cent of the imports were free of control.

Other non-sterling countries. Until restrictions were intensified in 1952, imports had in general been admitted freely except from countries classed as ' hard currency areas '. After 1952, relaxations generally followed those permitted in the case of OEEC countries. By the early part of 1956, there was virtually no discrimination except against the dollar area, Japan and the Soviet bloc. Imports from the Soviet bloc were confined to essential goods until 1957 and have in general remained subject to specific licensing.

Federation of Malaya

Malaya became independent on 31 August 1957. At the time of independence there was no quota discrimination in favour of Britain against OEEC countries. (There was a relatively low preferential tariff in Britain's favour.) It was largely dollar discrimination which was being practised. GATT Article 35 was applied to Japan at the time.

1958 *Dollar area.* At the end of the year, licences were freely issued for dollar imports of a large variety of articles—trucks and buses, boats, plastics, cotton and synthetic clothing, synthetic fabrics, aluminium wire cloth and mesh, paper, agricultural and mining machinery, power saws, outboard motors, tractors and motors, steel construction material, bars, plates, wire and cable, and truck and bus tyres.

1959 *Dollar area.* At the beginning of 1959, restrictions on a number of imports from the dollar area were removed and in August 1959 all other imports from the dollar area except motor vehicles, wireless equipment and watches were freed. This put the dollar area on a par with OEEC countries, and at the beginning of July, 1960, the last controls on imports from both areas were removed.

Ghana

Ghana became independent in 1956. At the time, most imports from outside the dollar area and Japan were free from quota restriction. Apart from flour, all dollar imports were subject to licence.

1957 *Dollar area.* Beginning in 1957, limited dollar quotas were granted to established importers to cover the importation of less essential but desirable imports. Importers receiving dollar allocations were permitted to buy any goods except a few specified items—including petroleum products, explosives, ordnance, film and gold.

1959 *Dollar area.* On 10 July 1959, Ghana announced the liberalisation of 7 categories of dollar imports.

1960 *Japan.* Japanese machinery was placed on the free list on 25 February 1960.

All areas. All quota restrictions were removed on 19 March 1960 except on arms and ammunition, explosives, gold, film, petroleum products and tobacco. Dollar discrimination ended except on tobacco.

Errata

Economic Review no. 12, *November* 1960. ' The Fall in Britain's Invisible Earnings ', *page* 45, *table* 2, *footnote* (*a*).

The payments on North American loans in this table are included in the ' interest, profits and dividends ' item, and not (as stated) in the Government item.

Economic Review no. 13, *January* 1961, *page* 10, *table* 7, *part* (1)

For oil consumed in the gas industry, the percentage change from 1959 to 1960 should be +5 per cent instead of —23 per cent (after taking into account the refinery gas and light feedstock used by the gas works).

Economic Review no. 13, *January* 1961, *page* 11, *table* 9

The percentage change in the output of synthetic detergents should read +6, +6, and +2, instead of +6, +22 and —11. The figures given for plastics materials, colours, paints and detergents are for sales, not output.

Economic Review no. 13, *January* 1961, *page* 30, *table* 21

The figure for the fourth quarter of 1960, for ' Non-territorial '—the last item under the heading ' Normal transactions '—should be —*1*, not —*13*.

THE BURDEN OF TAXATION: AN INTERNATIONAL COMPARISON

Introduction and summary

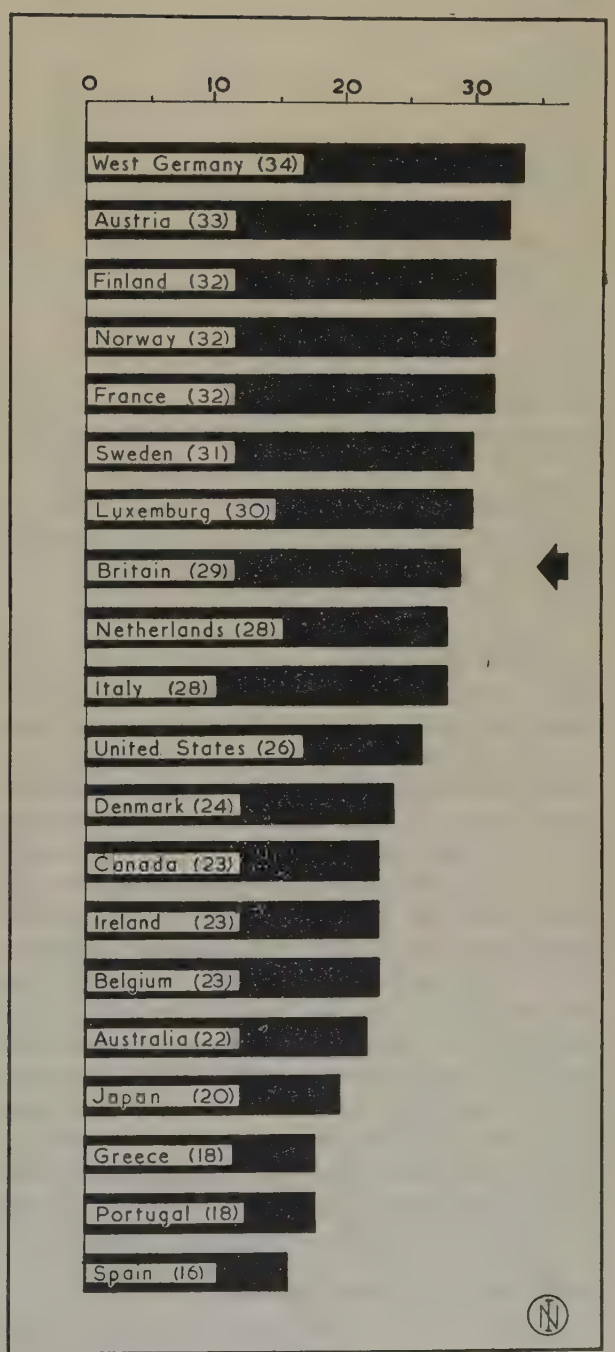
It has often been asserted that Britain is one of the most heavily taxed countries in the world. That assertion is examined in this note by comparing the weight of taxation and compulsory social security contributions[1] in Britain with that in other countries. The comparison is made in broad terms with about twenty countries and in more detail with Australia, Western Germany, Ireland, Sweden and the United States. But even the detailed comparison is necessarily a coarse one. Tax systems almost everywhere are immensely complicated and only a few aspects of the systems are examined here.

Taxation in this country does not appear to be exceptionally heavy. The total burden—the proportion of the country's income which is taken in tax—is quite near to the European average. Further, the British division of tax between direct taxes on households, taxes on corporations and indirect taxes, is closer to the European average than that of any other European country. Those earning more than about £10,000 a year are more heavily taxed in Britain than in the other countries examined in detail but less than one-tenth of one per cent of the working population are in this income group, so this is hardly a sufficient ground for the general complaint of high taxation. At incomes between £2,000 and £10,000 a year, Sweden takes more in tax than Britain; Australia and Ireland take about the same; and Western Germany and the United States take less. Below £2,000 a year Western Germany and Sweden have very much higher rates than the other countries.

At the wage-earning level, all the six countries take about 10 per cent more of his income in tax from the bachelor than from the married man. Britain is much kinder to the wealthy bachelor than the United States, France, Germany or the Netherlands, but it is no kinder than Sweden, Ireland or Australia. Britain does however tax the working wives of middle class and wealthy men more heavily than almost any other country and in this instance—particularly in view of the shortage of teachers—there seems a good case for reform.

Chart 1. Taxes[a] as a proportion of the gross national product at market prices in twenty countries

Per cent



Source : See Appendix to article, page 60, note 1.

(a) Including central and local government taxes and social security contributions.

This note was prepared by L. Needleman of the National Institute.

[1] Taxation in this note is understood to include compulsory social security contributions (in Britain, National Insurance contributions) unless otherwise indicated. The distinction between the two is arbitrary. There are very few countries where the social security contributions are sufficient to finance the welfare schemes without some government subsidy and in some countries, like Australia, the social services are financed entirely from government revenues.

Table 1. Percentages of total tax levied in direct taxes on households and corporations and in indirect taxes

Per cent

	Households		Corporations		Indirect taxes
	Tax other than social security contributions	Social security contributions	Tax other than social security contributions	Social security contributions	
Group I					
Sweden	46	7	11	3	33
Denmark	43	5	6	—	46
Group II					
Netherlands	31	7	10	19	33
Austria	30	7	7	15	41
Britain	26	7	15	6	46
Western Germany	18	15	10	14	43
Belgium	21	9	9	19	42
Group III					
France	11	6	7	23	53
Portugal	10	6	21	15	48
Spain	10	5	17	14	54
Ireland	12	2	9	3	74
European average	*23*	*7*	*7*	*11*	*47*
Australia	29	0	17	0	54
Canada	21	4	16	5	54
New Zealand	44	10	14	5	27
United States	35	6	16	8	35

Source : See Appendix to article, page 60, note 2.

The total burden of tax

The simplest measure of the burden of taxation (direct and indirect taxes and social security contributions) is the proportion of the country's income which goes in tax. Chart 1 shows central and local government taxes together, for some twenty countries, as a proportion of the gross national product.[1] Britain is by no means exceptional : ten of the sixteen European countries pay in tax between 28 and 34 per cent of their gross national products ; Western Germany pays most (34 per cent) and Britain is eighth on the list (29 per cent). The remaining six countries, mainly the poorer ones (Spain, Portugal, Greece, Ireland, though including Belgium and Denmark) pay in tax between 15 and 25 per cent. Outside Europe, however, even among wealthy countries, the tax proportion appears generally to be low. The United States pays 26 per cent, a lower proportion than Finland or Italy.

The pattern of tax collection

The citizens of a country with a low total burden of taxation may nevertheless feel heavily taxed if a high proportion of the revenue is collected in direct taxes. European countries can be split up into three fairly well-defined groups according to the way in which they collect their taxes (see tables 1 and 2).

The Scandinavian countries in Group I, Sweden and Denmark, concentrate on direct taxes on households and take very little from corporations. The countries in Group III, mainly the poorer European countries (except for France) collect a high proportion of their revenue in indirect taxes and a low proportion in direct taxes on households. This seems the common pattern for the poor countries outside Europe as well. The countries in Group II—the Netherlands, Austria, Britain, Western Germany and Belgium—spread the tax load more evenly between the three forms of collection.

Britain is in the middle of the middle group (Group II) and indeed its pattern is much closer to the average European breakdown than that of any other country.

On this basis there is no ground for saying that the British tax burden seems exceptionally heavy because of the way in which it is collected.

One of the major differences between the English-

[1] At market prices. See Appendix to article, page 60, note 1.

Table 2. Typical patterns of tax collection

Proportion of total tax revenue collected in the form of :

	Direct taxes on households[a]	Direct taxes on corporations[a]	Indirect taxes[b]
Group I			
Sweden, Denmark	HIGH (*over 45 per cent*)	LOW (*under 15 per cent*)	MEDIUM (*30–50 per cent*)
Group II			
Netherlands, Austria, Britain, Western Germany, Belgium	MEDIUM (*30–40 per cent*)	MEDIUM (*20–30 per cent*)	MEDIUM (*30–40 per cent*)
Group III			
France, Portugal,[c] Spain, Ireland[d]	LOW (*under 20 per cent*)	HIGH (*about 30 per cent*)	HIGH (*over 50 per cent*)

Source : See Appendix to article, page 60, note 2.

(a) Social security contributions are divided between households and corporations. See Appendix to article.
(b) Indirect taxes include local rates.
(c) Portugal collects 48 per cent of its revenue in indirect taxes.
(d) Ireland collects 12 per cent of its revenue in direct taxes on corporations.

speaking countries and most of the Continental countries is that in the first group, employers' contributions to social security are only a small part of total taxation—less than 10 per cent. In the Continental countries (except in Scandinavia) they range from 14 to 23 per cent. The difference between wage costs and total labour costs is therefore much bigger on the Continent than in Britain.

The treatment of different income groups

Some people in Britain—roughly those earning more than £10,000 a year—do pay more tax on their incomes in this country than they would in the other countries considered here (chart 2 and table 2). The figures are based on a standard family,[1] and the exchange rates used are adjusted for the different cost of living in different countries, so that, for instance, a person earning £1,000 in Britain is compared with one who has roughly the same real income before tax in the United States.[2]

Britain taxes the poor lightly and the middle and upper income groups heavily. Sweden taxes the incomes of the rich leniently and of the poor and middle classes severely. But indirect taxes, which generally fall most heavily on the poor, are low in Sweden so that the regressiveness of the overall tax system is lessened. Western Germany is harsh to the poor but kind to those earning more than £2,000 a year, and the United States is lenient with everyone except the millionaires. As the United States is a rich country low rates of tax on the middle and upper incomes yield large revenues.

In Western Germany and Sweden the taxation of incomes below £1,000 is harsh. The rates of State income tax are not very different from those in other countries, but the total levy is swollen by local taxes in Sweden and high social security contributions in Western Germany. These contributions (employers' and employees' together) provide 30 per cent of Western Germany's tax revenue. For those earning between about £1,000 and £10,000 a year, the United States[4] takes the least away, Western Germany is the next most favourable, followed by Ireland, Britain and Australia ; Sweden is harshest of all, particularly in the £2,000-£5,000 range. Above about £15,000 a year Britain takes most in tax and Western Germany least. At very high incomes, well beyond £100,000, the American pays more tax than the Briton.[3]

The differences in the treatment of the very rich are striking. A married man with a dependent wife and two small children with an earned income of £50,000 a year in the United Kingdom would be left about £9,500 a year after tax. But if he earned

[1] A standard family has been used as the basis for comparing taxation in different countries. The family chosen consists of a man, all of whose income is earned in wages or salary, dependent wife, both adults being under 50 years old, and two children between the ages of 5 and 10 years. Tax paid includes social security contributions less family allowances.

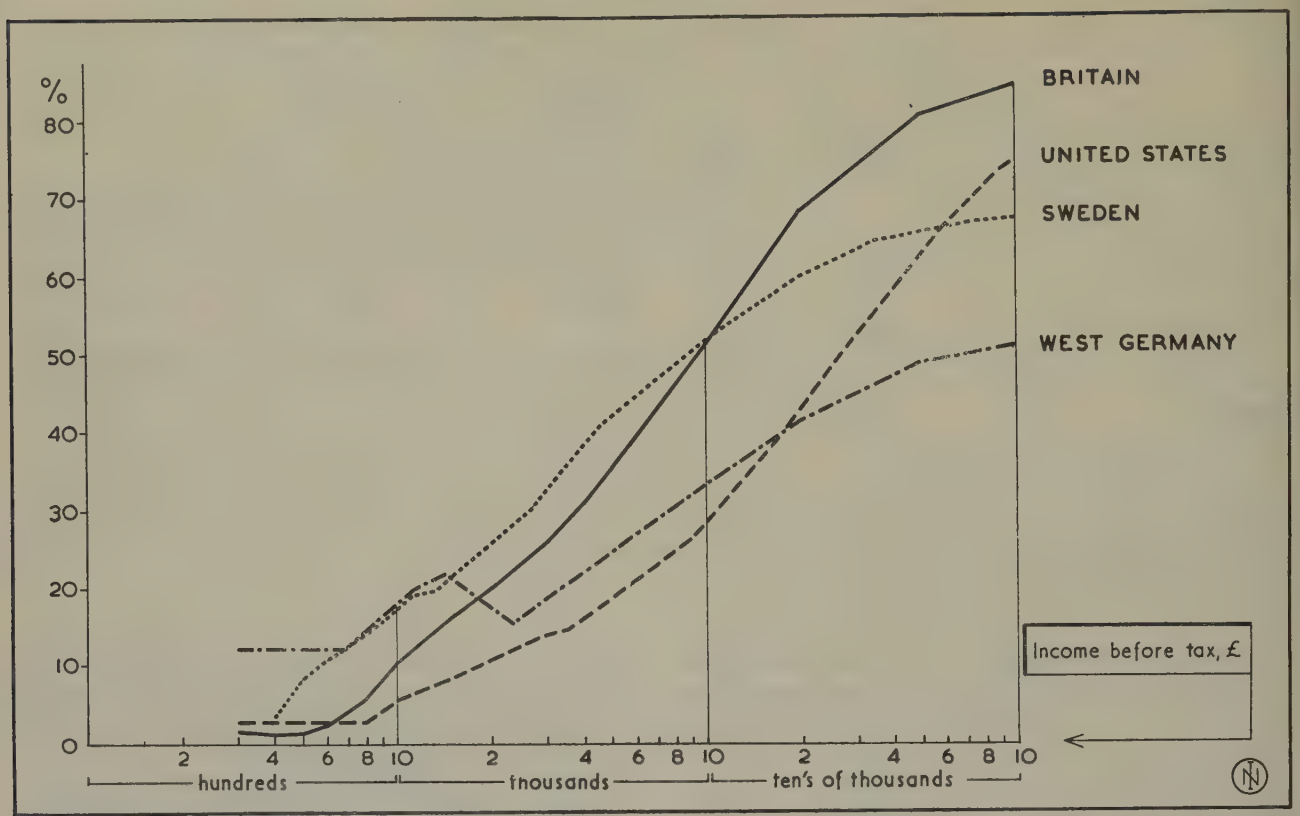
[2] See Appendix to the article, page 60, note 3.

[3] Many foreign countries allow standard expenses to the taxpayer who does not claim special expenses. In these comparisons it has been assumed that the standard deductions have been taken, where they exist. This assumption becomes unrealistic at high incomes when it becomes more worthwhile to attempt to get expenses assessed on a special basis. In some countries although the letter of the law may be Draconian the tax burden of the wealthy may be eased a great deal by the leniency of tax inspectors and of the courts in allowing business expenses.

[4] No allowance has been made for the individual States' income taxes. Where they exist they raise the effective tax rates by a few per cent.

Chart 2. Percentage of gross income paid in tax by the standard family in four countries[a]

Per cent



Source : HMSO, *Income Taxes Outside the Commonwealth*, periodically revised, the Board of Inland Revenue and the Ministry of Pensions and National Insurance.

(a) Incomes compared using cost of living exchange rates. See Appendix to article, page 60, note 3. The curves for foreign countries become uneven at incomes near the ceiling for contributions to social security schemes.

the equivalent pre-tax income in other countries, he would retain after tax about £14,500 in Ireland, £17,000 in Sweden, about £19,000 in the United States and Australia, and £26,000 in Western Germany.

Such disincentive effects as high rates of income tax may have, will be strongest at the margin. The comparative advantage of earning more is given by the marginal rates of taxation, shown for four countries (chart 3 and table 4). At a gross income of £2,000 a year the American keeps almost 80 per cent of the next few pounds he earns, the West German keeps about 72 per cent, the Briton about 60 per cent, and the Swede only about 53 per cent. At a gross income of £5,000 the American still retains about 68 per cent of any extra he may get at that level, the West German keeps about 60 per cent, the Swede and the Briton only about 40 per cent. At even the highest

Table 3. The percentage of gross income paid in tax by the standard family in six countries

Percentages

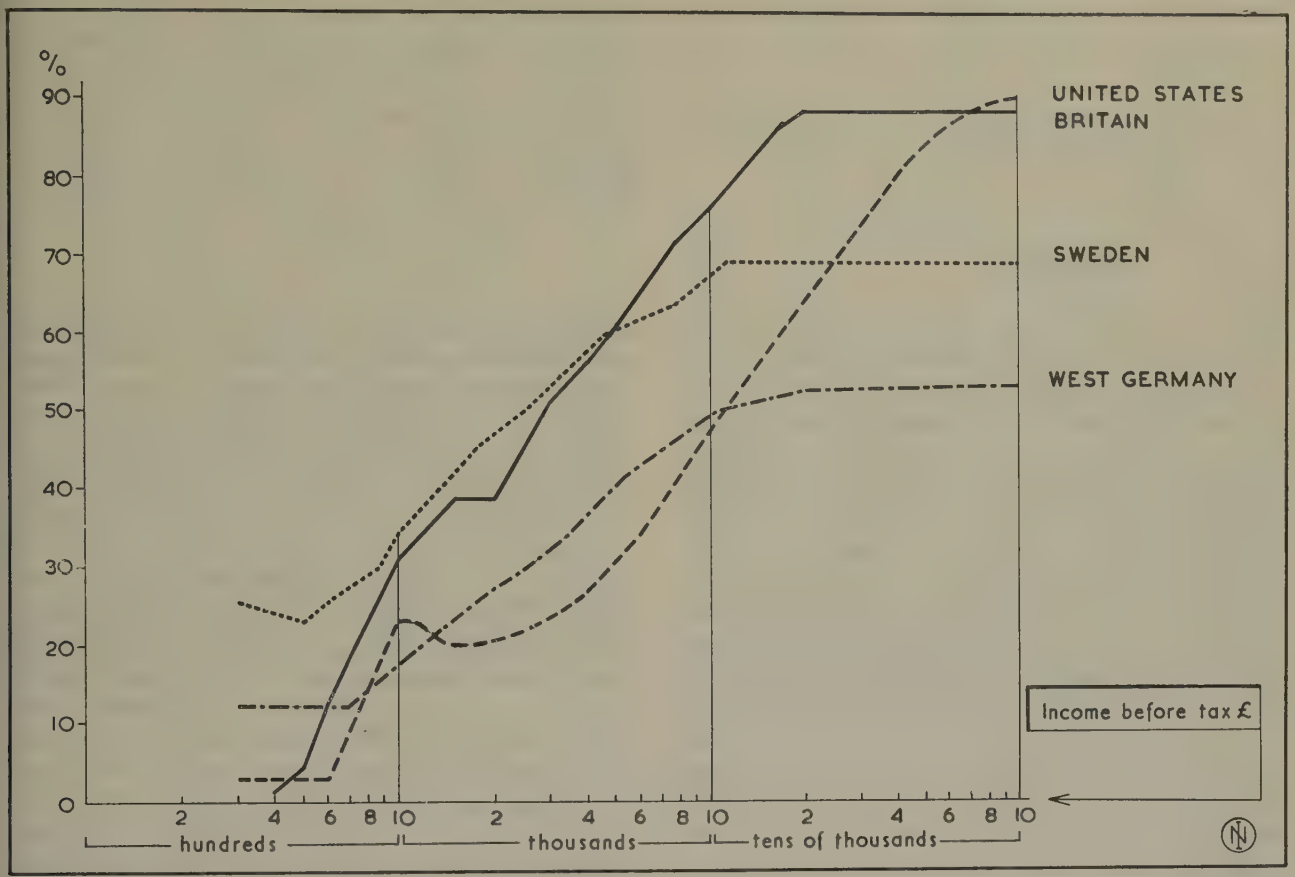
Income before tax in pounds sterling equivalent[a]	Britain	United States		Western Germany	Sweden	Ireland	Australia
		A[b]	B[b]				
500	1	3	7	12	9	2	0
1,000	10	7	11	18	17	5	6
5,000	36	19	28	25	42	32	37
10,000	52	29	43	33	52	47	49
50,000	81	62	75	48	66	71	63

(a) At cost of living exchange rates. See Appendix to article, page 60, note 3.

(b) Column A gives the figures at a cost of living exchange rate ($3.41 to the £). Column B gives the figures at an exchange rate ($6.76 to the £) which adjusts for differences in real incomes in the two countries by making the gross national product per head of the working population the same as in Britian (see Appendix to article, page 60, note 3).

Chart 3. Marginal rates of tax paid on the gross income of the standard family in four countries[a]

Per cent



Source : HMSO, *Income Taxes Outside the Commonwealth*, periodically revised, the Board of Inland Revenue and the Ministry of Pensions and National Insurance.

(a) Incomes compared using cost of living exchange rates. See Appendix to article, page 60, note 3. The curves for the foreign countries become uneven at incomes near the ceiling for contributions to social security schemes. The German curve has been smoothed.

income levels a West German always keeps at least 47 per cent of any extra he earns. At the highest rates of tax in the United Kingdom and the United States, only 11 per cent and 9 per cent respectively of any additional income is kept.

Table 4. Marginal rates of tax paid by the standard family in four countries

Percentages

Income in pounds sterling[a]	Britain	Sweden	Western Germany	United States
500	4	23	12	3
1,500	39	42	24	20
5,000	61	60	40	32
10,000	76	67	49	49
20,000	89	69	53	63
100,000	89	69	53	91

(a) At cost of living exchange rates. See Appendix to article, page 60, note 3.

The taxation of single and married people

It is usual for married men to be taxed more lightly than bachelors earning the same income. In most countries the practice is to give personal allowances for wives so that married people pay tax on a smaller amount than bachelors with the same gross income. These allowances are usually supplemented by family allowances for dependent children. Personal and family allowances generally do not vary with income and so the advantage of the married man becomes insignificant at the higher income levels.

There are broadly three ways in which the incomes of married people can be assessed. The incomes can be assessed jointly as if they were one income. This system—in use with variations in Britain, Ireland, Denmark, Finland and Holland[1]—gives no advantage to married people and may penalise them by lifting

[1]Though in Holland the married man pays tax on a lower scale of rates than the bachelor.

Table 5. The additional amount of tax paid by a bachelor over that paid by a standard family

Pounds sterling[a]

Income	Britain	Sweden	Ireland	Australia	Western Germany	United States
1,000	125	125	135	80	105	110
5,000	195	230	205	150	460	505
20,000	275	235	280	168	1,205	2,920
100,000	275	235	290	168	1,225	7,605

(a) Using cost of living exchange rates.

their joint incomes into a higher tax bracket. The incomes can be assessed separately as they are in Sweden and Australia. Finally the incomes of the spouses can be assessed as if their joint income were split equally between them and each paid tax on the split incomes. This system is applied in Western Germany and the United States and can be very favourable to married men, particularly those whose wives do not go out to work.

Table 5 shows the additional tax paid by a bachelor over that paid by the standard family at selected income levels in six countries. At the wage earning level all the countries take about 10 per cent more of his income in tax from the bachelor than from the married man. In Britain, Sweden, Ireland and Australia at even the highest incomes the married man's tax advantage is never more than about £300.

But Western Germany, and even more the United States, by their income-splitting schemes give the wealthy married man much more favourable treatment. Income-splitting is carried even further in France, where, say, a married man with two children splits his income into three parts and pays tax as if each part were assessed separately. In addition, at high incomes bachelors are actually taxed at higher rates than married men, so that in France the tax advantage of the wealthy married man with two or more children over the bachelor is even greater than in the United States.

Table 5 shows the comparative advantage of the married man when his wife does not go out to work. Where the wife earns as much as the husband the income-splitting system is no more advantageous than the separate assessment system. But it is just in these circumstances when the wife's work has a high economic value that the British joint assessment system penalises married people in the middle and upper income groups most severely. Where the joint income of an engaged couple is more than £2,500, of which the woman earns more than £360, the couple will pay more tax if they marry than if they pool their incomes as single people. The disincentive for a married woman with a professional training, such as a school teacher, to continue working is obvious.

APPENDIX

1. Taxes as a proportion of gross national product at market prices in twenty countries (page 55)

Taxes comprise indirect taxes, including local rates, direct taxes on corporations, direct taxes on households and private non-profit-making bodies and social security payments.

The sources used for chart 1 were *Statistics of Sources and Uses of Finance*, 1948-1958, Organisation for European Economic Co-operation, 1960, *Yearbook of National Accounts Statistics*, 1959, United Nations, 1960, *Economic Survey of Europe in* 1959, Economic Commission for Europe, 1960. Data relate to 1958 for all countries save for Denmark, France, Greece, Luxembourg and Portugal, where the information relates to 1957 and Spain, where the information is for 1956.

2. The pattern of tax collection (page 56)

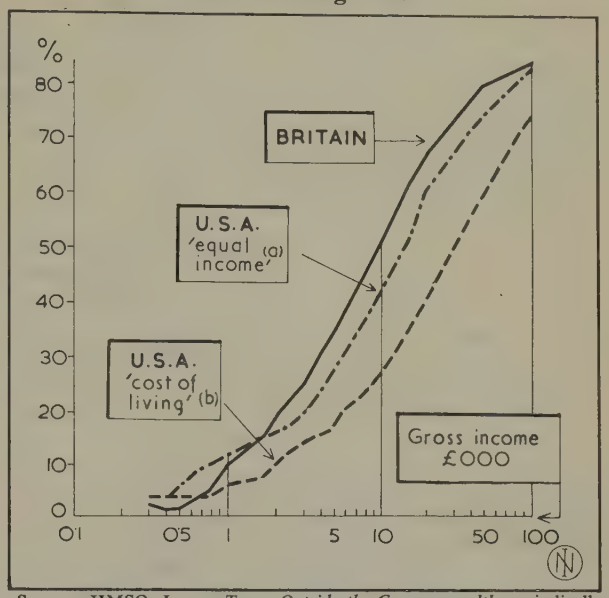
The breakdown of total taxes into direct taxes on households and corporations (excluding social security payments), indirect taxes and social security payments was taken from the three sources given in note 1. Social security contributions were divided between households (employees) and corporations (employers) in the proportions given in the *United Nations Statistical Yearbook* 1958, table 173. The figures for social security revenue given in that source are not always strictly comparable with the figures taken from the other three sources as the coverage and the years referred to are sometimes different.

3. The choice of exchange rates for comparing incomes in different countries

The choice of exchange rates depends upon what is being compared. If it is desired to compare incomes which would give the equivalent living standards in different countries then an exchange rate which is based on internal purchasing power or cost of living is the appropriate one to use. If however the comparison is between what a man in a particular grade or occupation could earn in different countries then an exchange rate which takes account of the differences in wealth in different countries must be used, e.g. an "equal-income-per-head" exchange rate which adjusts for differences in average real income per head but not for differences in the distribution of income. An example may clarify the distinction between the two concepts. A young scientist

in Britain might be earning £1,000 a year. If the question were, how much would he have to earn in the United States to retain a similar standard of living the answer would be perhaps 3,500 dollars—and the appropriate exchange rate would be 1 pound = 3.5 dollars. If the question were, how much would he actually earn if he worked in a similar job in the United States the answer would be perhaps 6,500 dollars—and the appropriate exchange rate would be 1 pound = 6.5 dollars. For either question the official exchange rate is hardly relevant. In this note comparisons of rates of tax have generally been based on purchasing power exchange rates and show the tax incidence on people at a similar standard of living in various countries. The choice between the two rates only becomes important when comparisons are made between countries which differ greatly in real income, Britain and the United States, for instance, or Britain and Ireland (table 6). In chart 4 the proportion of income paid in tax in Britain and the United States is compared using cost of living exchange rates and exchange rates giving an equal income per head of the working population in both countries. The curve for the United States, using an equal income per head exchange rate, is much closer to the British curve than is the curve based on a cost of living exchange rate. In other words, if people were ranked according to their incomes in the United States and Britain, people with the same ranking would be seen to pay similar proportions of their incomes in tax, but because real incomes in the United States are higher, the tax payable by people at a similar standard of living is less.

Chart 4. The proportion of gross income paid in tax by the standard family in Britain and the United States at two exchange rates



Source : HMSO, *Income Taxes Outside the Commonwealth*, periodically revised, the Board of Inland Revenue and the Ministry of Pensions and National Insurance.

(a) This curve shows the proportion of tax payable on incomes in the United States converted into pounds using an exchange rate based on equal incomes per head in both countries.

(b) This curve shows the proportion of tax payable on incomes in the United States converted into pounds using an exchange rate based on equal internal purchasing power of both currencies.

Table 6. Three types of exchange rates in seven countries

Units of domestic currency per British pound

	(1) *Currency unit*	(2) Actual exchange rates, mid-1960	(3) Exchange rates based on equivalent internal purchasing power, mid-1960	(4) Exchange rates based on equivalent GNP per head of working population, mid-1958
Australia	*Australian pound*	1.26	1.36	1.66
Britain	*Pound sterling*	1.00	1.00	1.00
France	*New franc*	13.75	13.51	13.00
Western Germany	*Deutschmark*	11.70	10.31	9.68
Ireland	*Pound sterling*	1.00	0.99	0.53
Sweden	*Kroner*	14.49	15.86	18.51
United States	*Dollar*	2.81	3.41	6.76

Source : (2) International Monetary Fund, *International Financial Statistics*, January 1961.

(3) Milton Gilbert and Associates, *Comparative National Products and Price Levels*, 1958 ; *United Nations Statistical Yearbook*, 1959 ; *United Nations Monthly Bulletin of Statistics*, December 1960 ; NIESR estimates.

(4) *United Nations Yearbook of National Accounts Statistics*, 1959, *General Statistics*, OEEC, May 1960 ; H. P. Brown, 'The Australian Work Force', *Economic Record*, April 1959 ; International Labour Organisation, *Yearbook of Labour Statistics*, 1959 ; NIESR estimates.

CALENDAR OF ECONOMIC EVENTS: 1960

A calendar of economic events for the years 1955 to 1959 was published in the *National Institute Economic Review*, no. 8, March 1960. A set of tables was published in *Economic Review*, no. 10, July 1960 showing changes in Bank Rate, Public Works Loan Board rates, mortgage rates recommended by the Building Societies Association, tax rates, hire purchase controls, National Insurance contributions and benefits and family allowances. Wage claims and settlements made in the years 1958 to 1960 were summarised in chart 3, page 7 in *Economic Review*, no. 12, November 1960. HMSO references are given where appropriate.

The calendar is subdivided as follows :

The Home Economy
The labour market
Other home affairs

The World Economy
The United Kingdom's relations with other countries
Other foreign affairs

THE HOME ECONOMY

The labour market

Jan. 8 Thirty-five thousand executive grade civil servants received increases in pay—ranging from £50 to £250 a year—back dated to October 1958.

14 Coal miners claimed a pay rise of 10s. a week for 350 thousand miners.

20 Civil engineering industry : working week to be reduced (for 250 thousand workers) to 44 hours in summer and 40 hours in winter, to take effect from November 1960.

28 Rootes Ltd. : 20-day unofficial strike by 130 lifters and handlers ended. Ten thousand out of work because of the strike.

Feb. 5 British Motor Corporation : agreement was reached on strike involving 52 electricians. Thirty-two thousand men at the Birmingham plant had been out of work for 10 days as a result of the strike.

9 Local Employment Bill : first list of new development districts was published. Bill became law on 1 April 1960 (*H.L.* 37).

10 Pay increases for the Services were announced (introduced on 1 April).

12 Settlement of the railway dispute : the union accepted an interim pay increase of 5 per cent ; strike called off.

12 Building industry : wage increase for 1 million workers.

18 Royal Commission on Doctors' and Dentists' Remuneration : report published. Pay increases approved by the Government on 11 April 1960 (*Cmnd.* 939).

Mar. 3 The Guillebaud Committee reported on railway pay : among the recommendations were pay increases ranging from 8 per cent to 18 per cent and a reduction of grades from 150 to 12. (On 24 June 1960 an agreement was reached based on the report).

22 British Motor Corporation : a 3-day unofficial strike by 51 workers—which had put 23 thousand out of work—came to an end.

27 Engineering and shipbuilding industry : a 42-hour week (without loss of pay) was introduced for 3¼ million workers. This was the biggest reduction in hours since the introduction of the 44-hour week in 1946-47.

May 16 Survey of trade union finances in 1958 published (TUC 1960).

16 Lord Heyworth was appointed chairman of the reconstituted Council on Productivity, Prices and Incomes (in succession to Lord Cohen).

June 21 Dock strike : 14 thousand workers became involved in an unofficial stoppage at Liverpool.

July 6 A seamen's unofficial strike began at Liverpool and Glasgow and spread to other ports : the strikers returned to work on 19 July. A second strike began on 10 August and ended on 26 September.

26 Merseyside, Llanelly and Sheerness no longer development areas.

Aug. 5 Civil Service : Assistant Secretaries and higher grades received pay increases ranging from £280 to £400 a year.

12 Electricity supply industry : agreement reached on pay increases for 120 thousand manual workers.

21 Trades Union Congress : interim report on inquiry into industrial disputes published. (*TUC Annual Report* 1960, paras. 56-64.)

Sept. 19 London docks : 27 thousand workers idle because of an unofficial tally-clerk strike (work started again three and a half weeks later).

Oct. 5 Vauxhall Motors announced dismissals : BMC announced short-time working on 12 October.

Nov. 24 Royal Commission on the Police : interim report recommended higher pay. The Police Council accepted the recommendations on 30 October (*Cmnd.* 1222).

24 Motor Industry : Ford Motor Company put 18 thousand employees on to a 4-day week.

25 Report of the Committee of Enquiry on Ocean Shipowners' Tally Clerks (*Ministry of Labour* 36-254).

Dec. 2 The Payment of Wages Act (permitting payment by cheque) came into force.

7 Civil Service : 4 per cent pay rise for 600 thousand non-industrial civil servants (effective from 1 January 1961).

18 Retail trade : 250 thousand workers in Cooperative stores received a 15s. a week pay rise.

Dec. 21 Building industry : 1 million workers awarded a 6 per cent pay rise and a reduction of working hours (to come into effect in Oct. 1961).

30 Steel industry : Steel Company of Wales put 4 thousand workers on a 4-day week.

Other home affairs

Jan. 12 Ministry of Aviation announced reorganisation of the aircraft industry : two new mergers announced.

14 Annual Report of the Chairman of the National Coal Board : output to be cut by 11 million tons during 1960 ; 46 pits to be closed.

21 Bank Rate was raised to 5 per cent (from 4 per cent).

21 BMC announced plans for new factories employing 11 thousand in South Wales, Scotland and Merseyside.

21 Merger : Nestlé and Crosse & Blackwell.

29 Public Works Loan Board rates were increased (up to 5 years, 5½ per cent ; 5-30 years, 6 per cent ; over 30 years, 5⅞ per cent).

Feb. 4 Steel industry : maximum prices for heavy steel products and pig iron were lowered.

15 Restrictive Practices Court made orders in case of agreements in a number of trades (bakers, boilermakers, carpet manufacturers and garage equipment manufacturers).

16 Monopolies Commission Report on Supply of Chemical Fertilisers (*H.C.* 1958-59/267).

16 Civil Aviation (Licensing) Bill : provided for more competition by independent airlines with state airway corporations on scheduled air services (*H.C.* 70).

17 White Paper on Defence published (*Cmnd.* 952).

25 Bank of England reduced support prices for gilt-edged.

Mar. 1 Merger between Hunting Clan and Airwork announced (step in the reorganisation of independent airlines encouraged by Ministry of Aviation).

17 The new £1 notes were issued.

17 The Board of Trade announced fact-finding inquiry on resale price maintenance.

21 London clearing banks decided to improve the inter-bank payments system.

Apr. 4 Budget :

	Estimated full year effect (£mn.)
Profits tax : up from 10 per cent to 12½ per cent	+65
Income tax : increased allowances for dependent relatives	−20
Estate duty : cuts in duty levied on gifts made in the third, fourth and fifth years before death	−2
Tobacco duty : 2d. more on 20 cigarettes and 3s. 4d. per lb. on tobacco leaf ..	+40
Entertainment duty : abolished for cinemas	− 7
Duty on wines : 12s. a gallon off imported, except light wines imported in casks ; 12s. off British sparkling wines and 8s. off still, heavy wines ..	− 4
Net effect	+72

(Budget *contd.*)

Defence bonds : new issue on same terms as old, but holdings limited to £5,000.

National Insurance contributions : flat-rate tax allowance of £15 on graduated contributions.

Payments for loss of office : to be taxed.

Post-war credits : repayments extended to certain persons receiving sickness or unemployment benefit or 100 per cent war or industrial injury disablement allowance, and widows entitled to the credit in their own right.

Premium bonds : increase in number and size of prizes.

Royalties : receipts liable to tax after profession ceased.

Savings certificates : limit on holdings raised to 1,200 units.

Tax avoidance : loss relief for 'hobby' farmers ended ; offsetting loss in one trade against profits of another to end ; wider powers to prevent tax avoidance by transactions in securities.

Unit trusts : liable to profits tax with income tax reliefs.

6 Members of the advisory group on the financial and structural reorganisation of the railways appointed (Sir Ivan Stedeford appointed chairman).

7 Restrictive Practices Court : the phenol price-fixing agreement was declared contrary to the public interest.

13 Blue Streak missile project abandoned.

19 Cycle industry merger : Tube Investments and Raleigh.

26 Molony Committee : interim report on Consumer Protection (*Cmnd.* 1011).

28 Hire Purchase restrictions reimposed : 20 per cent down payment and two-year repayment period.

Credit squeeze : initial special deposit of 1 per cent of each clearing bank's total deposits to be made with the Bank of England by 1 January (½ per cent for Scottish banks).

May 8 British Railways and London Transport fare increases.

9 Board of Trade issued draft code of take-over bid practice which came into force on 9 August (*Statutory Instrument* 1216).

16 Standing Committee to advise on operational research in the pharmaceutical services was appointed by Minister of Health (Chairman : Lord Cohen of Birkenhead).

June 1 The Chandos Committee report recommended a Government loan to Cunard of £18 million towards the cost of a replacement of the Queen Mary.

1 Minister of Transport introduced new speed limits and clear-ways on some main roads to solve Whitsun traffic problem.

2 Majority of Anderson Committee recommended the abolition of parental contributions towards cost of university training (*Cmnd.* 1051).

20 White Paper on Nuclear Power published : £90 million cut in the £919 million programme announced in 1957 (*Cmnd.* 1083).

23 Bank Rate raised to 6 per cent (from 5 per cent).

30 The British Transport Commission reported a working deficit for 1959 of £12.6 million (*H.C.* 226).

July 6 Local telephone calls for subscribers cut to 2½d. (from 3d.) ; trunk rates reduced.

13 The Bank of England published its first expanded annual report.

15 Public Works Loan Board rates were increased : up to 15 years, 6¼ per cent ; 15-30 years, 6⅜ per cent ; over 30 years, 6 per cent.

15 Price cuts announced by Vauxhall Motors.

20 Merger : Pye and Telephone Manufacturing.

20 Select Committee on the Nationalised Industries reported that the complete autonomy of railway regions would not solve British Railways' problems (*H.C.* 254).

27 Mr. Selwyn Lloyd appointed Chancellor of the Exchequer.

28 Road programme was speeded up and some local authority grants were doubled.

Aug. 5 Merger : Electrical & Musical Industries and Morphy-Richards.

18 Ministry of Housing circular to local authorities in Greater London recommending compulsory purchase where landlords were demanding exorbitant rents (*M. of H. Circular* 45/60).

19 Public Works Loan Board rates were increased : up to 15 years, unchanged ; 15-30 years, 6¼ per cent ; over 30 years 6⅜ per cent.

30 Registrar of Restrictive Trade Agreements announced that over one thousand restrictive agreements had been abandoned or changed by 1 August (this was 45 per cent of the total).

Sept. 12 Vehicle tests were started for cars over 10 years old.

14 Pithead coal prices were increased by an average of 6s. 8d. a ton.

16 Merger : British Petroleum and Apex Oilfields.

Oct. 5 Annual Report of the Advisory Council on Scientific Policy : special review of United Kingdom scientific effort in terms of resources and manpower (*Cmnd.* 1167).

20 Royal Commission on Local Government in Greater London report (*Cmnd.* 1164).

25 Textile merger : J. & P. Coats and Patons & Baldwins.

27 Bank Rate was reduced to 5½ per cent (from 6 per cent).

Nov. 2 White Paper on increased retirement pensions and higher contributions to come into effect in April 1961 (*Cmnd.* 1196).

3 Weights and Measures Bill : tighter control over pre-packaged goods (*H.L.* 1).

18 Rating and Valuation Bill published : industry and freight transport to be fully rated from April 1963 (instead of 50 per cent) (*H.C.* 18).

20 Trustee Investments Bill published (*H.L.* 7).

Dec. 5 Motor industry merger : Leyland Motors and Standard Triumph.

7 British Railways and London Transport applied for fare increases to take effect possibly before mid-1961.

8 Bank Rate reduced to 5 per cent (from 5½ per cent).

13 Monopolies Commission to investigate petrol retailing.

15 Report of the DSIR on Research and Development Requirements of the Shipbuilding and Marine Engineering Industries : gave warning of a prolonged recession in the industry.

18 The new electric trains on the Airdrie to Helensburgh line were withdrawn from service.

20 The White Paper on Nationalised Transport Undertakings was published : new Boards to replace Transport Commission ; finances—especially those of the railways—to be reorganised (*Cmnd.* 1248).

21 The Restrictive Practices Court declared the Motor Vehicles Distribution Scheme void.

THE WORLD ECONOMY

The United Kingdom's relations with other countries

Jan. 1 Bank of England ceased quoting official buying and selling rates for currencies other than the United States dollar.

19 United Kingdom and Hungary signed a three-year trade pact (United Kingdom exports to Hungary were worth £5½ million in 1960).

31 Imports of tobacco, fish, synthetic rubber and transistors from the dollar area no longer subject to quota restrictions.

The Anglo-American film agreement was terminated : end of restrictions on remittance of American film earnings in the United Kingdom.

Feb. 12 The bankers' mission studying the aid requirements of India and Pakistan started work.

16 Federation of British Industries and East German Chamber of Foreign Trade signed second trade agreement.

22 Australia ended most import controls.

Mar. 15 White Paper on United Kingdom Assistance for Overseas Development published (*Cmnd.* 974).

Apr. 20 Channel Tunnel Study Group reported in favour of twin rail tunnels (to cost £130 million).

21 Cheaper export credits insurance was introduced.

26 The Law of the Sea Conference ended in failure : no agreement reached on the territorial waters limit.

May 2 European Free Trade Area started.

13 The Commonwealth Prime Ministers Conference ended.

June 1 New IMF currency convertibility rules introduced.

20 Anglo-Soviet trade review : quotas for exports of machinery and capital goods increased.

30 EFTA 20 per cent cuts in tariffs on industrial goods imported from other member countries came into force.

July 1 Cuban Government seized Esso and Shell plants.

15 Anglo-Japanese trade pact : increased imports of clothing, cameras and radios from Japan.

Sept. 23 United Kingdom loan of £35 million to India.

28 United Kingdom to repay £20 million in advance to the International Monetary Fund.

29 United Kingdom and Norway reached agreement on 12-mile fishing limit.

Oct. 20 Exports Council for Europe to be set up.

20 London price of gold rose to $41 an ounce.

27 Publication of White Paper on Service with Overseas Governments : United Kingdom to make some contribution for civil servants who stayed in newly independent territories (*Cmnd.* 1193).

Nov. 9 United States : quotas on imports of wool fabrics to be replaced by an *ad valorem* duty from 1 January 1961.

14 The Ford Motor Company of America made a £129 million bid for the English company ; the Government gave permission for payment on 21 November.

16 United States Government decided to cut expenditure abroad by about $1,000 million a year.

Dec. 14 The charter of the new Organisation for Economic Cooperation and Development was signed by the United States, Canada and 18 European nations.

15 Dollar Exports Council to include Latin American countries : renamed the Western Hemispheres Exports Council.

22 South Africa imposed import cuts (totalling £30 million a year) starting with a 15 per cent reduction in car imports on 1 January 1961.

30 United Kingdom paid $47 million to IMF—receiving sterling in exchange—in order to ease pressure on United States gold stocks.

Other foreign affairs

Jan. 1 The new franc became legal currency in France.

4 United States steel strike ended after lasting for eight months.

11 W. Germany extended trade liberalisation already granted to OEEC members to all other countries.

18 USSR agreed to finance second stage of Aswan High Dam.

19 World Bank borrowed £17 million from West German Federal Bank.

27 World Bank gave multilateral aid to India and Pakistan : this was to finance half of the $1,000 million Indus Basin development scheme.

Feb. 15 USSR and Cuba signed five-year trade pact.

Mar. 13 Development Assistance Group was set up in New York : nine nations agreed on increased aid for underdeveloped countries.

May 5 Kruschev's speech to Supreme Soviet : income tax abolished ; progressive cut in working hours.

10 Common Market countries agreed in principle to the Hallstein plan. (It came into effect on 1 January 1961.)

June 3 German Bank Rate raised to 5 per cent (from 4 per cent).

10 United States : Federal Reserve discount rate down to 3½ per cent (from 4 per cent).

July 6 United States cut sugar quotas by 700 thousand (short) tons.

24 USSR purchased 700 thousand tons of sugar from Cuba. China offered to buy 500 thousand tons a year for five years.

Aug. 7 Cuba took over United States sugar mills and public utilities (the three United States banks were nationalised on 18 September).

12 United States : Federal Reserve discount rate down from 3½ per cent to 3 per cent.

24 United States Senate decided to cut off aid to any country giving arms or economic help to Cuba, or arms to Dominica.

31 Belgian Prime Minister announced austerity plan.

Sept. 14 Foundation of the Organisation of Petroleum Exporting Countries.

15 India's third five-year plan : $5,600 million foreign aid needed to complete the plan.

18 India and Pakistan signed the Indus Waters treaty after a 12-year dispute (also signed by six western nations and the World Bank).

18 Canadian Government's study of the problem of high unemployment extended to include a complete reappraisal of economic policy : 30 major changes proposed.

22 Western Germany : budget based on the assumption of a 6 per cent rise in gross national product in 1961.

29 Western Germany : industry offered £85 million worth of credits to underdeveloped countries.

Oct. 10 Western Germany : Bank Rate reduced from 5 per cent to 4 per cent.

25 Cuba nationalised 167 United States owned companies.

Nov. 8 Senator John Kennedy elected President of the United States.

22 United States mission to Europe (Anderson and Dillon) failed to get German contribution to support costs for American troops in Germany.

Dec. 20 Belgium : nation-wide strike against ' loi unique.'

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STATISTICAL APPENDIX

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Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Final expenditure at market prices						*Less* Imports of goods and services	*Less* Adjustment to factor cost (c)	Statistical discrepancy	Gross domestic product at factor cost	Output				
	Consumers' expenditure (a)	Public authorities' current spending	Gross fixed investment (b)	Value of physical stock change (e)	Exports of goods and services	Total final expenditure					Gross domestic product	Industrial production (d)	Agriculture, etc.	Transport, communication	Distribution, other services
	£ million, 1954 prices, quarterly averages										*Index numbers, 1954 = 100*				
1948	2,677	592	467	+ 59	656	4,451	738	449	+ 68	3,332	85	79.0	84	87	90
1949	2,735	632	510	+ 9	729	4,615	795	455	+ 90	3,455	88	83.6	90	89	91
1950	2,813	637	535	− 60	840	4,765	807	465	+ 96	3,589	91	88.3	92	92	94
1951	2,773	688	535	+141	854	4,991	902	485	+ 60	3,664	93	91.3	94	96	94
1952	2,758	762	537	+ 10	846	4,913	827	469	+ 14	3,631	92	89.2	97	96	94
1953	2,874	785	595	+ 33	843	5,130	879	490	+ 17	3,778	96	94.3	99	98	97
1954	3,014	784	647	+ 22	905	5,372	913	515	—	3,944	100	100.0	100	100	100
1955	3,124	767	679	+ 72	969	5,611	1,021	535	+ 31	4,086	104	105.1	99	102	103
1956	3,157	770	713	+ 66	1,028	5,734	1,056	535	− 26	4,117	104	105.6	105	104	103
1957	3,225	746	743	+ 64	1,045	5,823	1,071	544	− 16	4,192	106	107.5	107	104	105
1958	3,305	742	747	+ 25	1,014	5,833	1,057	569	− 11	4,196	106	106.3	106	103	107
1959	3,437	758	786	+ 30	1,040	6,051	1,149	610	+109	4,401	112	112.6	111	106	112
1957 I	3,195	754	741	+130	1,068	5,888	1,097	542	− 72	4,177	106	107	108	105	105
II	3,222	753	741	+ 85	1,036	5,837	1,063	535	− 38	4,201	107	108	108	105	105
III	3,230	741	745	+ 25	1,047	5,788	1,092	548	+ 61	4,209	107	108	107	103	106
IV	3,251	738	744	+ 15	1,031	5,779	1,031	550	− 17	4,181	106	107	107	103	106
1958 I	3,285	750	749	+ 40	1,025	5,849	1,042	567	− 47	4,193	106	107	107	103	107
II	3,278	737	744	− 19	977	5,717	1,043	575	+ 78	4,177	106	106	107	104	106
III	3,295	738	745	+ 51	1,049	5,878	1,077	568	− 56	4,177	106	105	105	102	107
IV	3,361	743	750	+ 30	1,004	5,888	1,066	565	− 20	4,237	107	107	105	103	109
1959 I	3,370	741	749	− 33	985	5,812	1,100	592	+139	4,259	108	108	105	104	109
II	3,457	762	778	+ 33	1,033	6,063	1,170	610	+ 75	4,358	111	111	105	106	113
III	3,420	769	798	+ 25	1,077	6,089	1,143	618	+109	4,437	112	114	117	106	112
IV	3,500	760	819	+ 95	1,066	6,240	1,182	620	+113	4,551	115	117	117	108	115
1960 I	3,581	782	853	+ 74	1,102	6,392	1,209	652	+ 75	4,606	117	120	117	111	115
II	3,596	775	853	+158	1,086	6,468	1,280	655	+113	4,646	118	121	117	111	116
III	3,535	761	885	+137	1,092	6,410	1,292	653	+173	4,638	118	121	119	110	116
IV	*3,553*				*1,095*		*1,325*			*4,620*	*117*	120	*119*	*110*	*116*

(a) For details see table 8. (b) For details see table 9. (c) Net indirect taxes at 1954 rates. (d) For details see table 2. (e) See note to table 11 on page 80.

Table 2. Production in industry

Seasonally adjusted

	Total industrial production	Construction	Mining	Total manufacturing	Metals, metal-using				Textiles	Chemicals	Other industries	Steel		Passenger cars output	Selected durable consumer goods
					Total	Engineering and electrical	Vehicles	Shipbuilding				output	consumption		
	Index numbers, 1954 = 100											*'000 tons*		*'000*	*1954= 100*
Weights	1,000	120	72	760	374	164	78	22	77	63	295	quarterly rates or averages			
1948	79.0	86.7	90.8	77.3	75.6	69.4	61.4	116.5	85.5	68.0	77.9	3,719	3,353	84	37
1949	83.6	90.7	93.8	82.2	80.0	75.9	71.2	106.1	92.1	70.2	83.5	3,888	3,550	103	44
1950	88.3	90.8	94.8	87.8	85.1	84.5	76.4	93.5	100.1	79.7	88.6	4,073	3,710	131	67
1951	91.3	87.3	98.0	91.6	90.3	90.5	79.9	96.2	99.8	83.7	91.8	3,910	3,772	119	79
1952	89.2	90.0	99.3	88.2	91.3	92.4	79.5	99.2	81.9	79.6	87.8	4,104	3,825	112	63
1953	94.3	96.3	98.8	93.7	93.4	93.6	90.4	105.1	97.4	89.1	93.8	4,402	3,915	149	76
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	4,630	4,190	192	100
1955	105.1	100.3	99.0	106.4	109.6	107.4	114.6	108.5	97.5	106.2	104.6	4,948	4,470	224	111
1956	105.6	105.8	99.2	105.9	108.3	107.0	107.2	117.4	96.4	110.6	105.1	5,165	4,617	177	88
1957	107.5	105.5	98.5	108.3	111.4	111.0	114.9	107.9	96.5	115.0	106.9	5,425	4,655	215	105
1958	106.3	105.0	94.3	106.9	110.3	111.5	118.4	108.8	87.1	115.0	108.0	4,892	4,459	263	118
1959	112.6	111.3	91.8	114.1	116.7	118.2	129.0	101.1	92.0	131.2	113.9	5,047	4,472	297	163
1960	120.3	117.6	88.7	122.9	126.5	127.3	138.6	91.9	95.5	145.2	122.2	6,076	5,067	338	*145*
1959 I	108	110	91	108	110	111	124	107	86	125	111	4,468	4,130	255	141
II	111	109	94	113	116	117	129	101	91	131	113	4,915	4,525	293	173
III	114	112	92	115	117	121	122	100	94	133	115	5,070	4,514	282	171
IV	117	114	91	120	125	124	141	97	97	137	118	5,733	4,726	360	166
1960 I	120	117	90	122	127	126	145	95	94	140	120	6,011	4,875	384	170
II	121	117	89	124	128	127	144	92	96	145	122	6,002	5,177	380	161
III	121	118	88	123	127	127	138	91	96	148	122	6,065	5,127	347	137
IV	120	118	88	122	124	129	127	89	96	146	124	6,227	5,091	242	*111*
Nov.	119		87	121	122	125	126	89	95	146	123	6,282		237	
Dec.	120		88	122	126	134	125	91	96	146	123	6,121		208	
1961 Jan.	119		88	121	124	128	127	90	90	145	118	6,080		186	
February												5,961		188	

Table 3. The labour market

Seasonally adjusted

	Employment											Demand for labour			Net overtime per head in manufacturing (*b*)
	Total civil employees	Agriculture etc.	Transport, communication	Distribution and other services	Total industrial production	Construction	Mining	Total manufacturing	Metals, metal-using	Textiles	Other industries	Unemployment	Unfilled vacancies	Excess demand (*a*)	
	Index numbers, 1954 = 100											*Percentage of employees*			*Weekly hours*
Millions 1954	21.07	0.72	1.67	7.30	11.38	1.31	0.87	8.83	4.31	0.99	3.90				
1948	94.4(*c*)	113.7(*c*)	103.6(*c*)	94.4(*c*)	91.8(*c*)	98.2(*c*)	100.9(*c*)	90.2(*c*)	90.2(*c*)	94.0(*c*)	88.8(*c*)	1.50	2.30	0.68	..
1949	95.1	109.4	103.5	94.6	93.3	98.3	100.5	92.0	90.0	97.8	92.6	1.52	1.95	0.42	..
1950	96.5	111.0	103.1	95.3	95.3	98.4	98.0	94.6	91.8	102.1	95.8	1.53	1.77	0.27	..
1951	97.5	106.4	102.2	95.8	97.3	98.9	98.4	97.0	94.5	103.4	98.0	1.19	2.01	0.69	..
1952	97.4	104.0	102.0	96.4	96.9	97.8	100.6	96.2	96.9	93.8	96.4	1.99	1.34	−0.27	1.0
1953	98.0	101.1	100.7	97.3	97.9	98.6	100.8	97.4	97.1	98.2	97.8	1.64	1.33	−0.04	1.8
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	2.0
1955	101.3	97.8	99.3	100.8	102.2	102.0	99.4	102.6	104.6	96.6	101.7	1.08	1.91	0.73	2.1
1956	102.1	91.6	99.5	102.4	102.9	105.0	99.1	103.1	105.9	94.4	101.9	1.19	1.66	0.46	1.9
1957	102.5	91.2	99.9	103.4	103.0	104.3	100.1	103.1	109.0	93.7	102.0	1.43	1.27	0.01	1.9
1958	101.8	89.5	98.6	104.3	101.5	102.3	98.7	101.7	105.5	87.9	101.0	2.10	0.90	−0.67	1.4
1959	102.4	88.0	97.0	106.2	101.5	103.3	94.5	102.1	105.9	85.7	101.8	2.17	1.02	−0.62	1.9
1960	104.4	85.6	96.7	108.1	104.1	106.3	87.6	105.9	111.4	85.4	104.5	1.60	1.40	−0.08	2.3
1959 III	102.6	87.8	96.7	106.4	101.8	103.7	93.8	102.6	106.4	86.3	102.3	2.14	1.10	−0.41	2.0
IV	103.2	89.9	96.7	106.8	102.4	104.5	92.1	103.5	107.8	86.0	102.8	1.99	1.20	−0.28	2.3
1960 I	103.5	86.3	96.4	107.0	103.1	105.2	90.3	104.4	109.4	85.3	103.4	1.70	1.28	−0.15	2.2
II	104.0	85.0	96.4	107.6	103.9	105.8	88.1	105.6	111.1	85.4	104.2	1.56	1.41	−0.07	2.4
III	104.8	84.4	96.6	108.6	104.7	106.9	86.5	106.7	112.4	85.5	105.2	1.55	1.45	−0.05	2.4
IV	105.2	86.7	97.5	109.1	104.8	107.4	85.7	106.7	112.5	85.5	105.3	1.59	1.46	−0.05	2.3
Nov.	105.4	87.8	97.5	109.4	104.8	107.2	85.7	106.8	112.6	85.5	105.4	1.58	1.47	−0.04	
Dec.	105.0	85.3	97.6	109.0	104.6	107.7	85.5	106.5	112.2	85.3	105.0	1.62	1.42	−0.08	
1961 Jan.	104.9	83.4	97.7	108.8	104.6	107.6	85.5	106.5	112.3	85.0	105.2	1.59	1.42	−0.06	
February												1.47	1.46	−0.02	

(*a*) NIESR index based on unemployment and vacancies. (*b*) Not seasonally adjusted. (*c*) End-June, seasonally adjusted.

For changes to this table see page 80.

Table 4. Unemployment by industry

Percentage of total employees, seasonally adjusted

	Metals, metal-using	Textiles	Construction	Mining	Transport, services	Other
1948	1.54	0.66	2.64	0.32	1.62	1.27
1949	1.34	0.66	2.90	0.30	1.72	1.28
1950	1.18	0.60	2.83	0.33	1.80	1.37
1951	0.83	0.83	2.05	0.26	1.46	1.15
1952	1.17	8.44	2.83	0.26	1.86	1.79
1953	1.33	1.35	2.86	0.28	1.86	1.46
1954	0.92	0.92	2.50	0.25	1.58	1.23
1955	0.63	1.64	1.76	0.19	1.27	1.01
1956	0.94	1.41	2.01	0.21	1.30	1.09
1957	1.07	1.13	2.83	0.31	1.60	1.29
1958	1.76	3.96	4.00	0.57	2.09	1.82
1959	1.79	2.70	4.63	0.98	2.15	1.89
1960	1.13	1.63	3.09	0.84	1.76	1.29
1959 I	2.21	4.37	4.73	0.84	2.16	2.04
II	1.97	2.70	4.50	0.95	2.18	1.90
III	1.56	1.86	4.78	1.04	2.23	1.87
IV	1.42	1.88	4.49	1.10	2.05	1.76
1960 I	1.11	1.92	3.11	0.91	1.91	1.38
II	0.97	1.61	3.16	0.86	1.77	1.26
III	1.00	1.43	3.12	0.82	1.74	1.26
IV	1.45	1.55	2.96	0.76	1.63	1.28
October	1.18	1.43	3.03	0.79	1.66	1.36
Nov.	1.41	1.56	3.00	0.74	1.63	1.24
Dec.	1.76	1.66	2.85	0.75	1.60	1.24
1961 Jan.	1.87	1.55	2.44	0.67	1.62	1.16
February	1.65	1.35	2.09	0.55	1.57	1.09

For changes to this table see page 80.

Table 5. Productivity

Index numbers, 1954 = 100, seasonally adjusted

	Output per person employed in						Output per man-hour worked (*a*)
	gross domestic product	total industrial production	total manufacturing	metals, metal-using	textiles	mining	
1948	89	86	86	84	91	90	88
1949	92	90	89	89	94	93	92
1950	95	93	93	93	98	97	94
1951	95	94	94	96	97	100	96
1952	94	92	92	94	87	99	93
1953	97	96	96	96	99	98	97
1954	100	100	100	100	100	100	100
1955	102	103	104	105	101	100	103
1956	103	103	103	102	102	100	103
1957	105	104	105	102	103	98	106
1958	106	105	105	105	99	96	107
1959	111	111	112	110	107	97	112
1960		115	116	114	112	101	118
1959 I	108	107	107	105	101	94	109
II	110	110	111	110	106	98	112
III	111	111	112	110	108	98	113
IV	114	114	115	116	112	99	116
1960 I	115	116	117	116	110	100	117
II	115	116	117	115	112	101	120
III	114	115	116	113	112	102	118
IV	*114*	115	114	111	112	102	117
Nov.		113	113	108	111	102	
Dec.		115	115	112	113	103	
1961 Jan		114	114	110	106	103	

(*a*) In manufacturing.

Table 6. Prices

Index numbers, 1954 = 10

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.3
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	90	87	94	91	100	87.6	91.2	83.2	98.3	88.4	99.1	100.4	95.4	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	106.2	100.1	100.5	95.4	98.4
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.4	99.2	99.3	97.9	98.8
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.3	100.6	103.0	104.0	103.5
1956	111	110	112	111	106	109.7	107.9	109.9	103.9	107.7	108.5	102.5	109.1	110.0	108.8
1957	115	115	113	115	111	113.8	111.0	112.1	106.4	114.9	110.3	104.1	113.3	114.1	112.7
1958	118	120	115	119	110	117.2	114.0	113.9	108.7	128.3	110.2	105.0	115.3	119.1	115.3
1959	117	119	112	117	109	117.8	114.3	114.8	106.3	135.4	108.0	104.5	114.8	120.4	115.8
1960					111	119.1			107.5	139.5		106.1			
1959 I	117	120	112	117	109	118.6	115.0	115.0	108.2	134.0	111.1	104.1	115.6	119.2	116.3
II	117	119	112	118	109	117.5	114.3	115.6	105.4	134.8	107.7	104.4	114.5	120.1	115.9
III	117	119	112	118	108	117.2	114.0	113.5	105.6	136.0	106.6	104.8	115.2	120.3	115.5
IV	117	119	112	116	110	118.1	114.1	115.1	106.4	136.7	107.0	104.6	114.0	121.8	115.7
1960 I	115	117	111	115	111	118.1	114.1	112.5	105.8	137.5	107.2	105.6	114.8	122.1	115.8
II	116	119	111	115	111	118.8	115.4	116.5	108.2	139.1	107.4	105.8	114.0	121.7	117.0
III	118	121	113	117	111	119.0	115.3	114.4	107.7	140.2	107.7	106.4	114.0	123.3	117.1
IV					111	120.3			108.1	141.1		106.7			
Nov.					111	120.3	*116.5*	*114.9*	*108.1*	*141.2*	*108.2*	*106.7*	*120.2*	*125.2*	
Dec.					111	120.7	*116.9*	*115.5*	*108.1*	*141.5*	*108.3*	*106.8*	*120.7*	*125.2*	
1961 Jan.					112	120.8	*117.0*	*115.0*	*108.2*	*141.9*	*108.3*	*107.1*	*121.9*	*125.3*	
February						120.8									

Table 7. Wages, profits and other costs

Index numbers, 1954 = 10

	Weekly wage rates	Wage rates by industry						Income from employment(a)		Profits of companies and public corporations(a)	All property income(a)		Import prices	Materials used in manufacturing industry	Prices of all manufactured products
		Metals, metal-using	Textiles	Mining	Construction	Agriculture, forestry, fishing	Other industries and services	Total	Per unit of output		Total	Per unit of output			
1948	74.6	73.5	73.5	74.6	72.8	75.1	74.9	66.0	78.1	65.3	70.1	83.0	73	..	..
1949	76.7	76.0	77.0	74.7	74.7	77.8	76.9	70.4	80.4	68.2	73.1	83.4	74	..	..
1950	78.1	76.9	79.4	75.5	76.6	79.0	78.4	74.1	81.4	79.2	81.5	89.6	85	..	..
1951	84.6	83.5	87.1	83.3	83.0	84.5	84.7	82.5	88.8	93.6	90.0	96.9	113	..	..
1952	91.6	91.5	93.0	92.4	90.5	91.7	91.6	88.7	96.3	83.8	85.2	92.5	111	..	..
1953	95.8	95.8	96.7	95.5	95.4	95.9	95.9	93.7	97.8	89.9	91.2	95.2	101	..	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0	100.0
1955	106.9	106.8	104.9	107.3	106.2	105.6	106.3	109.3	105.5	109.8	107.4	103.7	103	103.0	102.6
1956	115.4	115.5	110.6	117.7	114.2	113.8	114.7	119.2	114.2	113.6	111.9	107.2	105	106.7	107.0
1957	121.2	121.1	114.9	124.1	120.5	119.1	120.6	125.9	118.4	119.7	117.4	110.4	107	107.4	110.4
1958	125.4	125.4	118.5	126.6	125.5	126.4	125.4	130.7	122.8	117.8	120.1	112.9	99	100.8	111.1
1959	128.7	129.0	120.6	130.4	128.9	130.6	128.7	135.9	121.8	129.7	129.3	115.9	98	101.7	111.5
1960	132.1	130.9	125.6	131.7	132.4	133.9	132.3						99	101.8	113.0
1959 I	128.2	128.7	120.0	130.3	128.4	130.6	128.0	132.8	123.0	121.7	123.3	114.3	98	101.4	111.8
II	128.5	129.0	120.6	130.4	129.1	130.6	128.4	135.3	122.4	129.2	128.9	116.5	97	101.2	111.3
III	128.8	129.0	120.7	130.4	129.1	130.6	129.0	136.5	121.3	128.9	129.4	115.1	98	101.6	111.4
IV	129.2	129.1	121.0	130.4	129.1	130.6	129.5	138.9	120.4	138.8	135.7	117.7	100	102.8	111.7
1960 I	130.5	130.1	122.5	130.6	129.2	131.7	130.8	140.6	120.4	142.6	138.2	118.3	100	103.0	111.9
II	131.8	130.8	125.7	130.6	132.2	134.5	132.0	144.7	122.8	145.1	140.3	119.1	99	102.5	112.9
III	132.5	131.0	126.5	131.7	133.8	134.5	132.7	147.6	125.5	135.7	135.4	115.1	98	101.0	113.5
IV	133.5	131.6	127.6	133.8	134.2	134.7	133.8	*149.0*	*127.2*				99	100.8	113.8
October	133.0	131.1	127.2	133.7	134.2	134.5	133.5						99	100.6	113.6
Nov.	133.1	131.7	127.8	133.7	134.2	134.5	133.9						99	101.0	113.8
Dec.	134.5	131.9	127.9	133.9	134.2	135.0	134.1						98	100.9	114.1
1961 Jan.	135.7												98	100.4	114.3
February														100.5	114.3

(a) Seasonally adjusted.

Table 8. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Disposable income	Total personal savings	Consumers' expenditure	Consumers' expenditure							Durable goods			All other goods	Services
				Total	Food	Alcoholic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Clothing	Cars, motor cycles	Furniture, etc.	Radio, electric, etc.		
	at current prices			*at 1954 prices*											
1948	2,158	28	2,130	2,677	834	201	200	235	109	274	13	56	36	238	482
1949	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459
1950	2,394	50	2,344	2,813	905	198	196	238	113	307	17	77	45	271	447
1951	2,594	66	2,528	2,773	887	204	202	239	117	278	16	71	50	263	446
1952	2,818	156	2,662	2,758	878	202	206	244	115	274	23	62	48	264	442
1953	3,000	179	2,821	2,874	911	205	209	252	117	281	40	70	60	288	442
1954	3,158	144	3,014	3,014	946	205	214	263	122	301	55	77	74	310	448
1955	3,443	213	3,230	3,124	972	215	219	257	124	322	74	72	82	337	450
1956	3,703	297	3,406	3,157	993	220	222	261	129	336	57	70	74	346	450
1957	3,878	298	3,580	3,225	1,011	224	228	264	127	346	63	75	82	354	452
1958	4,051	282	3,769	3,305	1,026	224	233	268	137	345	84	80	90	374	446
1959	4,251	322	3,929	3,437	1,045	233	238	270	136	360	106	88	107	397	458
1960	*4,528*	*422*	*4,108*	*3,566*	*1,073*	*246*	*246*	*274*	*149*	*386*	*126*	*86*	*101*	*422*	*458*
1958 I	4,009	277	3,732	3,285	1,022	229	232	266	137	341	79	78	87	369	445
II	4,033	291	3,742	3,278	1,021	221	235	267	139	341	84	76	86	366	442
III	4,048	291	3,757	3,295	1,028	220	232	268	132	347	80	79	85	376	448
IV	4,113	270	3,843	3,361	1,032	226	231	269	139	352	91	88	100	383	450
1959 I	4,147	270	3,877	3,370	1,037	221	231	269	144	350	85	85	101	391	456
II	4,270	341	3,929	3,457	1,051	237	240	269	133	362	107	91	115	395	457
III	4,264	357	3,907	3,420	1,041	237	241	271	129	353	100	89	112	389	458
IV	4,322	320	4,002	3,500	1,051	236	238	271	136	375	133	88	99	413	460
1960 I	4,404	316	4,088	3,582	1,081	240	247	273	149	372	137	91	115	418	459
II	4,528	389	4,139	3,594	1,073	258	248	274	139	387	141	88	106	422	460
III	4,576	507	4,069	3,533	1,057	243	245	275	149	386	126	83	94	424	453
IV	*4,605*	*474*	*4,140*	*3,555*	*1,080*	261	242	277	*160*	392	*98*	*76*	86	*425*	*458*

Table 9. Fixed investment : factory building approvals

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services										Factory building approvals(*b*)
					By type of asset			By industry group(*a*)					By sector		
		Public	Private	Total	Plant, machinery	Vehicles, ships, aircraft	Buildings, works	Fuel, power	Public services	Transport, communications	Manufacturing (*c*)	Other industries, services	Public	Private	Area, mn sq. ft.
1955	510	87	17	406	181	98	127	65	35	46	121	125	151	255	14.6
1956	535	86	16	433	202	88	143	70	42	44	140	123	166	267	11.5
1957	535	84	16	435	218	78	139	70	45	43	148	116	187	248	11.7
1958	537	95	24	418	207	70	141	72	44	40	142	109	196	222	6.6
1959	595	113	42	440	209	83	148	81	46	44	138	121	212	228	9.3
1960	647	105	56	486	232	91	163	96	48	47	145	139	220	266	17.7
1961	679	85	60	534	250	104	180	102	49	49	161	162	224	310	22.8
1962	713	77	63	573	257	111	205	97	56	58	183	167	236	337	17.8
1963	743	72	63	608	273	117	218	100	61	68	192	178	253	355	15.9
1964	747	60	67	620	272	123	225	105	66	66	182	189	256	364	11.4
1965	786	60	84	642	270	132	240	116	75	70	168	200	280	362	14.5
1964 I	749	64	63	622	272	129	221	107	62	70	185	187	265	357	12.0
II	744	62	65	617	271	122	224	104	63	67	185	187	254	363	10.4
III	745	58	68	619	273	120	226	105	69	64	183	186	252	367	11.5
IV	750	55	73	622	274	120	228	103	69	65	176	196	255	367	11.9
1965 I	749	60	77	612	261	127	224	108	69	63	165	196	258	354	16.1
II	778	58	80	640	272	138	230	110	73	63	167	214	267	373	13.7
III	798	62	87	649	273	131	245	121	79	74	168	193	291	358	12.7
IV	819	61	92	666	274	132	260	126	79	80	171	196	303	363	15.7
1966 I	853	59	93	701	287	148	266	126	84	81	185	211	310	391	35.8
II	853	60	103	690	272	149	262	106	80	75	193	221	277	413	19.4
III	885	59	102	724	299	144	281	112	91	82	215	209	312	412	17.9
IV		*61*	*100*								*208*				16.1

xcluding legal fees, etc. (which are included in the other columns), of which the industry distribution is not known. (b) Great Britain ; as from the 1 April, 1960 there inor changes in the series. (c) This series will be amended to conform to the new official series (*Board of Trade Journal*, 17 March 1961) when consequential amendments her industries are known.

Table 10. Contractors' orders and work done

£ million, 1954 prices, quarterly averages

	Total	New housing	Other new work		
			Public	Industrial	Miscellaneous
	Orders received by contractors				
1957	294	118	86	47	43
1958	276	115	81	40	40
1959(a) I	354	172	87	47	48
II	346	146	95	55	50
III	325	147	82	48	48
IV	380	161	107	60	52
1960 I	422	176	116	72	58
II	399	158	105	80	56
III	391	156	98	71	66
IV	*418*	*170*	*111*	*74*	*63*
	Work done by contractors(b)				
1955	275	129	67	50	29
1956	301	128	76	61	36
1957	303	123	81	59	40
1958	301	114	88	57	42
1959(a) I	325	124	95	60	46
II	322	122	96	59	45
III	339	131	98	62	48
IV	339	134	93	62	50
1960 I	344	135	93	66	50
II	359	143	91	71	54
III	368	142	94	77	55
IV	*380*	*144*	*96*	*81*	*59*

(a) From the beginning of 1959 the figures are given according to the Revised Standard Industrial Classification 1958.
(b) Seasonally adjusted.

Table 11. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total stocks (c)	Manufacturing and distribution						
		Total	Manufacturing				Distribution	
			Total	Materials and fuel(b)	Work in progress (b)	Finished goods(b)	Wholesale	Retail
Value at end 1960(a)	9.1	6.8	5.1	2.1	1.7	1.3	0.8	0.9
1955	+72	..	+63	+26	+ 8	+29	..	+ 9
1956	+66	+59	+55	+13	+25	+17	+ 3	+ 5
1957	+64	+65	+43	+12	+19	+12	+12	+10
1958	+25	+21	+12	−21	+ 5	+28	+ 5	+ 4
1959	+30	+24	+14	+ 9	+ 6	− 1	− 1	+11
1960		+139	+114	+47	+29	+38	+16	+ 9
1957 I	+130	+110	+62	+36	+28	+43	+32	+16
II	+85	+72	+33	−30	+55	+28	+27	+12
III	+25	+54	+54	+38	+27	−32	− 3	+ 3
IV	+15	+25	+23	+ 3	−35	+11	− 8	+10
1958 I	+40	+28	+23	−22	+18	+74	+ 3	+ 2
II	−19	−23	− 3	−61	+17	+63	−16	− 4
III	+51	+65	+29	+14	+ 3	−15	+28	+ 8
IV	+30	+14	—	−13	−20	− 9	+ 5	+ 9
1959 I	−33	−45	−41	− 3	− 3	+14	+ 3	− 7
II	+33	+ 3	−25	− 1	+12	−15	− 5	+33
III	+25	+28	+35	+39	+12	−41	− 4	− 3
IV	+95	+108	+87	− 1	+ 4	+39	—	+21
1960 I	+ 74	+ 77	+52	+29	+18	+56	− 3	+28
II	+158	+157	+112	+46	+57	+28	+13	+32
III	+137	+153	+145	+95	+21	+ 2	+29	−21
IV		+170	+148	+18	+22	+65	+27	− 5

For changes to this table see page 80. (a) £ billion. (b) Unadjusted.
(c) Not comparable with the rest of the table; see notes on page 80.

Table 12. New orders and orders on hand

	Engineering(a)						Shipbuilding: merchant vessels		Textiles and clothing	
	Total		For export		For home market		New orders (d)	Orders on hand(e)	Net new orders(f)	Orders on hand(g)
	Net new orders(b)	Orders on hand(c)	Net new orders(b)	Orders on hand(c)	Net new orders(b)	Orders on hand(c)	'000 gross tons			
1954	..	97	..	93	..	99	159	4,333	..	..
1955	..	106	..	96	..	109	582	5,287	..	..
1956	..	104	..	103	..	105	619	6,442	..	..
1957	..	101	..	101	..	101	420	6,828	..	..
1958	91	88	89	86	92	89	124	5,430	..	..
1959	107	90	104	88	108	90	80	4,169	..	135
1960	125	104	121	103	126	104	157	3,348	102	136
1959 I	99	87	96	84	100	88	55	5,103	..	..
II	109	87	104	84	110	88	44	4,734	105	107
III	100	87	97	84	101	88	48	4,473	108	119
IV	121	90	121	88	120	90	172	4,169	122	135
1960 I	137	97	129	95	140	98	196	4,044	106	135
II	120	99	115	97	122	100	158	3,780	103	136
III	119	104	116	102	119	104	63	3,494	89	130
IV	123	104	122	103	123	104	210	3,348	112	136
July	126	101	131	99	124	102			85	135
August	111	103	103	101	114	104			76	131
Sept.	121	104	123	102	120	104			109	130
Oct.	122	104	115	102	124	104			131	137
Nov.	134	105	129	103	135	106			127	142
Dec.	114	104	122	103	112	104			79	136
1961 Jan.									90	135

(a) Including certain heavy vehicles. (b) Adjusted for the lengths of calendar months, average deliveries 1958 = 100, at 1958 prices. (c) At end of period; January 1958 = 100, at 1958 average prices. (d) Quarterly rates or averages. (e) At end of period. (f) Adjusted for the lengths of calendar months, average deliveries 1959 = 100, at 1958 average prices. (g) At end of period, April 1959 = 100, at 1958 average prices.

Table 13. Credit

Quarterly averages

	Hire purchase debt	London Clearing Banks	
		Advances	Liquidity ratio
	£mn, change in period		per cent
1953	..	− 10	35.1
1954	..	+ 48	33.7
1955	..	− 11	32.5
1956	−21	+ 15	35.3
1957	+18	− 8	35.1
1958	+27	+ 91	34.0
1959	+73	+167	32.8
1960	+22	+109	32.4
1959 I	+56	+238	32.7
II	+91	+132	31.4
III	+77	+153	32.9
IV	+69	+146	34.1
1960 I	+60	+211	32.6
II	+47	+128	31.5
III	− 4	+ 70	31.4
IV	−17	+ 26	31.6
Sept.	−24	+ 24	31.6
October	−21	+ 84	31.5
Nov.	− 9	+ 20	31.3
Dec.	−21	− 28	31.9
1961 Jan.	−21	+ 94	33.1
February		+130	31.1

Table 14. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Adjusted balance of visible trade (a) (b)	Terms of trade import/ export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume								
	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)			Total	Total	Food and tobacco	Industrial materials	Fuel
	£mn.		1954 = 100		£mn.		1954 = 100		£mn.	1954 = 100	Current prices	1954 prices, £mn. c.i.f.			
50	645	645	89	89	538	538	101	100	− 87	100	−30.3	−33.4	−14.1	−20.1	+ 0.8
51	970	970	100	100	642	642	100	98	−297	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
52	864	864	92	92	642	642	94	92	−187	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
53	830	830	99	99	639	639	96	94	−165	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
54	838	838	100	100	662	672	100	100	−142	100	− 5.0	− 5.0	− 2.1	− 5.7	+ 2.8
55	965	965	112	112	719	709	107	104	−227	101	+ 2.0	+ 2.0	− 4.5	+ 1.8	+ 4.7
56	965	974	111	112	786	781	113	111	−157	99	−13.3	−12.1	− 0.6	−10.9	− 0.6
57	1,011	1,003	115	114	824	822	116	114	−149	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
58	937	936	114	114	794	794	111	110	−108	90	− 1.3	− 1.0	− 0.3	− 1.5	+ 0.8
59	996	997	122	123	833	833	116	114	−131	90	+ 2.9	+ 4.0	− 2.5	− 2.7	+ 9.3
60	1,140	1,140	137	138	889	889	122	121	−216		*+25.3*	*+26.0*	*+ 5.2*	*+15.5*	*+ 5.4*
58 I	928	923	114	113	814	806	113	111	− 83	90	−27.8	−19.7	+ 2.3	−15.5	− 6.5
II	900	911	110	111	768	794	108	110	− 84	90		−31.5	−20.7	− 4.9	− 5.8
III	938	945	113	114	777	777	109	107	−129	90	+25.3	+14.2	− 9.3	+17.4	+ 6.1
IV	985	966	121	118	817	799	115	111	−134	90		+33.5	+25.0	− 0.7	+ 9.2
59 I	941	965	117	120	792	784	111	108	−152	90	− 7.2	+ 2.5	+13.6	−10.6	− 0.4
II	983	960	123	120	845	832	118	114	− 96	89		−19.1	−33.0	−10.0	+23.9
III	984	996	119	121	790	834	111	116	−130	90	+10.2	+ 8.7	−18.1	+15.1	+11.6
IV	1,082	1,074	130	130	903	882	125	120	−159	91		+23.4	+27.3	− 4.6	+ 0.7
60 I	1,125	1,107	136	134	925	915	127	124	−162	90	+ 1.8	− 2.6	+10.0	−10.9	− 1.7
II	1,141	1,125	140	137	904	885	124	121	−207	88		+11.5	− 9.9	+ 9.8	+11.6
III	1,119	1,155	135	138	818	870	113	119	−246	88	*+49.3*	+48.2	−15.6	+50.5	+13.3
IV	1,173	1,170	..	140	908	885	125	121	−249	88		*+46.8*	*+36.1*	*+12.5*	*− 1.7*
Nov.	1,259	1,218	..	146	1,032	987	..	135	−195	89					
Dec.	1,150	1,143	..	137	918	909	..	124	−195	88					
61 Jan.	1,213	1,194		*143*	990	954		*131*	−204						
February	1,060	1,149		*139*	891	921		*126*	−195						

Adjusted for dock strikes and other statistical disturbances as well as for seasonal movements and for the different number of working days. Exports exclude d-lease silver. (b) Exports and re-exports less imports.

Table 15. Volume of U.K. imports, by commodity

Index numbers(a), 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1960 £mn	1,441	104	1,063	267	187	122	167	483	482	906	101	279	136	542	255
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1959	120	97	100	103	98	120	91	143	151	135	136	121	149	201	178
1960	123	118	109	92	119	146	134	157	165	172	311	149	196	287	218
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171
IV	122	163	107	106	108	137	110	142	150	153	163	128	179	225	188
1960 I	127	74	107	111	70	143	118	159	167	166	227	146	196	276	208
II	124	70	108	95	108	148	131	154	162	177	370	154	190	327	228
III	113	131	112	77	165	139	153	151	159	175	400	153	187	268	208
IV	126	197	110	85	132	155	133	162	171	172	247	143	211	278	227

a) Unadjusted.

Table 16. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity										By area			
			Manufactures											
				Metals and engineering										
	Food, beverages, tobacco	Basic materials, fuels	Total	Total	Metals	Metal goods (a)	Machinery	Transport equipment	Textiles	Chemicals	Other manufactures (a)	Sterling area (b)	Other primary producers	North America	Western Europe
Value 1960 £mn	197	258	3,001	2,044	314	207	946	578	261	317	379	1,453	395	536	1,018
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	117	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	126	113	105	113	137	116
1957	124	96	118	121	139	105	120	123	92	137	113	105	120	143	116
1958	121	98	113	118	135	90	114	127	79	135	112	101	114	153	107
1959	121	106	117	121	148	89	118	128	79	155	115	96	110	187	117
1960	125	109	124	127	147	98	128	128	80	181	120	101	121	175	129
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	117	167	109
II	119	107	118	121	130	92	118	135	81	156	115	97	109	197	116
III	130	101	118	122	162	86	119	124	79	164	110	96	108	189	119
IV	131	110	123	127	164	96	123	128	82	160	126	103	108	196	124
1960 I	126	117	127	132	160	95	128	142	85	168	117	99	130	207	127
II	122	107	125	128	146	101	126	135	80	181	119	101	117	181	128
III	125	101	121	123	141	92	128	122	78	188	117	104	119	148	127
IV	129	111	123	124	141	104	131	114	76	189	126	101	119	168	133

a) Unadjusted. (b) Including Iraq.

Table 17. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C. (c)	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	84	84	83	94	82	72	89	78	93	95	88	86	90	55	69
1951	91	90	90	98	92	85	99	89	106	100	91	97	97	77	80
1952	93	93	94	94	94	91	98	91	101	98	91	98	98	83	90
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	101	93	100	108	109	112	109	109	106	104	110	114	107	108	114
1955	112	104	110	114	121	129	117	119	116	111	118	133	117	116	128
1956	117	109	120	114	130	139	128	128	123	115	124	138	127	144	141
1957	121	110	120	116	138	147	139	138	123	119	127	146	137	167	156
1958	118	102	119	114	143	152	145	143	115	122	127	150	144	168	172
1959	130	116	128	121	151	162	152	158	119	127	139	156	146	208	191
1960		119	130	130		179	173			136	157	168		*260*	
1958 I	116	99	117	116	143	151	153	141	119	124	124	153	135	167	
II	116	98	119	114	142	150	153	139	113	122	127	151	142	163	
III	116	103	117	113	142	151	151	142	114	120	128	150	149	165	
IV	124	108	120	115	145	154	151	148	114	123	130	150	148	176	
1959 I	125	112	125	116	146	156	151	152	114	125	134	152	143	188	
II	132	120	129	120	149	159	157	153	118	125	138	153	151	201	
III	127	115	128	122	152	163	160	157	120	127	140	155	147	212	
IV	136	115	131	127	158	171	169	170	126	132	144	160	149	228	
1960 I	136	121	133	130	163	176	168	177	125	133	153	165	147	247	
II	138	120	130	131	166	179	170	181	127	133	161	166		254	
III		119	128	131	167	178	176	184	127	137	155	168		262	
IV		115	129	130		184	178			139	159	175		*279*	
September		118	130	131	170	183	178	185	129	136	155	166		268	
October		117	130	131	169	181	176	184	125	135	158	177		*272*	
November		116	129	128	172	185	179	187	126	141	157	172		*276*	
December		113	129	130		186	178			140	162	177		*288*	
1961 Jan.		*112*		129		192	179								
February		*112*													

(a) World, Latin America and Japan are not seasonally adjusted. (b) Excludes U.S.S.R. Eastern Europe and China (c) Excludes Spain.

Table 18. Trade of industrial countries

$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.26	9.11	−0.85	3.17	2.01	+1.15	0.84	0.76	+0.08	1.65	2.09	−0.44	2.54	4.07	−1.53
1949	8.65	9.01	−0.36	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	−0.42	3.02	4.03	−1.01
1950	8.44	9.38	−0.94	2.57	2.40	+0.17	0.77	0.78	−0.01	1.59	1.84	−0.25	3.31	4.12	−0.81
1951	11.82	12.76	−0.94	3.76	2.97	+0.78	1.01	1.03	−0.02	1.90	2.75	−0.84	4.81	5.51	−0.69
1952	12.00	12.42	−0.42	3.80	2.92	+0.89	1.18	1.09	+0.09	1.92	2.45	−0.53	4.77	5.45	−0.68
1953	12.13	12.38	−0.24	3.95	2.95	+1.00	1.14	1.17	−0.03	1.86	2.33	−0.47	4.86	5.32	−0.46
1954	12.58	12.75	−0.16	3.78	2.76	+1.02	1.10	1.11	−0.01	1.92	2.35	−0.43	5.37	5.92	−0.55
1955	13.82	14.46	−0.64	3.89	3.09	+0.80	1.19	1.25	−0.06	2.10	2.70	−0.61	6.14	6.80	−0.66
1956	15.76	16.27	−0.51	4.77	3.45	+1.32	1.31	1.53	−0.22	2.30	2.70	−0.40	6.75	7.78	−1.04
1957	17.19	17.65	−0.46	5.22	3.57	+1.64	1.35	1.55	−0.20	2.40	2.83	−0.43	7.51	8.63	−1.11
1958	16.39	16.41	−0.02	4.47	3.53	+0.94	1.35	1.41	−0.07	2.32	2.62	−0.30	7.52	8.08	−0.56
1959	17.39	17.93	−0.54	4.41	4.13	+0.27	1.41	1.56	−0.15	2.42	2.79	−0.37	8.28	8.55	−0.27
1960	*19.80*	*20.09*	*−0.29*	5.13	3.98	+1.15	1.46	1.53	−0.08	2.57	3.19	−0.62	*9.62*	*10.26*	*−0.64*
1958 I	15.93	16.32	−0.39	4.41	3.48	+0.93	1.17	1.28	−0.11	2.39	2.59	−0.21	7.25	8.16	−0.91
II	16.19	16.30	−0.12	4.58	3.46	+1.12	1.43	1.51	−0.08	2.24	2.53	−0.28	7.25	8.03	−0.78
III	15.80	15.80	—	4.18	3.37	+0.82	1.35	1.36	−0.01	2.27	2.62	−0.35	7.31	7.72	−0.41
IV	17.62	17.21	+0.42	4.73	3.83	+0.90	1.44	1.51	−0.07	2.39	2.75	−0.36	8.27	8.40	−0.13
1959 I	15.62	16.42	−0.80	4.15	3.89	+0.26	1.14	1.38	−0.23	2.31	2.63	−0.32	7.30	7.74	−0.44
II	17.29	18.13	−0.84	4.47	4.19	+0.28	1.47	1.72	−0.25	2.46	2.75	−0.29	8.08	8.53	−0.44
III	17.14	17.65	−0.51	4.36	4.17	+0.19	1.45	1.54	−0.10	2.30	2.75	−0.45	8.15	8.29	−0.14
IV	19.51	19.54	−0.03	4.66	4.29	+0.37	1.59	1.60	−0.01	2.63	3.03	−0.40	9.60	9.66	−0.06
1960 I	19.31	19.94	−0.63	4.89	4.14	+0.75	1.42	1.51	−0.09	2.68	3.15	−0.47	9.43	10.01	−0.58
II	19.73	20.29	−0.56	5.36	4.17	+1.20	1.41	1.64	−0.23	2.61	3.19	−0.58	9.38	10.17	−0.79
III	19.01	19.49	−0.48	4.92	3.85	+1.08	1.50	1.44	+0.06	2.38	3.13	−0.75	9.16	9.94	−0.78
IV	*21.15*	*20.64*	*+0.51*	5.35	3.78	+1.57	1.50	1.54	−0.04	2.63	3.29	−0.66	*10.52*	*10.93*	*−0.41*

(a) Excludes W. Germany in 1948 and 1949 and Spain throughout.

$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	−0.36	0.27	0.38	−0.12	0.26	0.47	−0.21	0.06	0.17	−0.11
1949	..	..	..	0.68	0.82	−0.14	0.28	0.39	−0.11	0.34	0.46	−0.13	0.13	0.23	−0.10
1950	0.49	0.67	−0.18	0.76	0.76	—	0.30	0.37	−0.07	0.35	0.51	−0.16	0.20	0.24	−0.04
1951	0.87	0.87	−0.01	1.02	1.11	−0.09	0.41	0.54	−0.13	0.49	0.64	−0.15	0.34	0.50	−0.17
1952	1.00	0.95	+0.05	0.96	1.08	−0.12	0.35	0.58	−0.24	0.53	0.56	−0.03	0.32	0.51	−0.19
1953	1.10	0.94	+0.15	0.95	0.99	−0.04	0.38	0.60	−0.23	0.54	0.59	−0.06	0.32	0.60	−0.28
1954	1.31	1.14	+0.17	1.05	1.06	−0.01	0.41	0.61	−0.20	0.60	0.71	−0.11	0.41	0.60	−0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	−0.21	0.67	0.80	−0.13	0.50	0.62	−0.11
1956	1.84	1.65	+0.19	1.13	1.39	−0.25	0.54	0.79	−0.26	0.72	0.93	−0.22	0.62	0.81	−0.18
1957	2.14	1.89	+0.26	1.28	1.54	−0.27	0.64	0.92	−0.28	0.77	1.03	−0.25	0.71	1.07	−0.36
1958	2.20	1.89	+0.31	1.28	1.40	−0.12	0.64	0.80	−0.16	0.80	0.91	−0.10	0.72	0.76	−0.04
1959	2.45	2.12	+0.33	1.40	1.27	+0.13	0.72	0.84	−0.11	0.90	0.98	−0.08	0.86	0.90	−0.04
1960	2.85	2.52	+0.33	1.72	1.57	+0.15	0.92	1.18	−0.26	1.01	1.13	−0.12	1.01	1.12	−0.11
1958 I	2.06	1.88	+0.18	1.27	1.51	−0.24	0.62	0.82	−0.20	0.77	0.87	−0.10	0.71	0.80	−0.09
II	2.13	1.77	+0.36	1.22	1.52	−0.30	0.64	0.81	−0.17	0.76	0.90	−0.14	0.68	0.78	−0.09
III	2.23	1.88	+0.35	1.15	1.26	−0.11	0.66	0.76	−0.11	0.81	0.88	−0.07	0.69	0.73	−0.04
IV	2.39	2.04	+0.35	1.47	1.32	+0.15	0.66	0.83	−0.16	0.88	0.97	−0.09	0.80	0.72	+0.08
1959 I	2.12	1.83	+0.29	1.18	1.20	−0.02	0.64	0.77	−0.13	0.81	0.90	−0.09	0.73	0.79	−0.06
II	2.39	2.08	+0.31	1.42	1.31	+0.11	0.65	0.84	−0.19	0.88	0.99	−0.11	0.81	0.95	−0.14
III	2.45	2.15	+0.30	1.33	1.14	+0.20	0.77	0.82	−0.05	0.89	0.98	−0.09	0.88	0.90	−0.02
IV	2.83	2.42	+0.41	1.68	1.44	+0.23	0.84	0.92	−0.08	1.03	1.06	−0.03	1.03	0.96	+0.07
1960 I	2.72	2.37	+0.35	1.81	1.62	+0.19	0.88	1.15	−0.28	0.98	1.11	−0.13	0.88	1.13	−0.24
II	2.74	2.52	+0.22	1.69	1.58	+0.11	0.92	1.17	−0.25	0.96	1.11	−0.14	0.96	1.11	−0.15
III	2.74	2.46	+0.29	1.54	1.46	+0.08	0.92	1.17	−0.25	1.00	1.11	−0.11	1.05	1.13	−0.08
IV	3.21	2.75	+0.46	1.83	1.62	+0.21	0.96	1.24	−0.28	1.09	1.20	−0.11	1.16	1.12	−0.04

Table 19. Trade of primary producing countries

$ billion, quarterly averages

	Total			Overseas sterling area (excluding oil producers)			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.99	5.65	−0.66	2.05	2.43	−0.38	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	−0.09
1949	4.86	5.68	−0.82	2.04	2.55	−0.51	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	−0.18
1950	5.57	5.30	+0.27	2.24	2.23	+0.01	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	7.06	7.36	−0.30	2.99	3.20	−0.21	0.51	0.61	−0.10	0.17	0.15	+0.02	0.40	0.45	−0.05
1952	6.18	7.28	−1.10	2.51	2.97	−0.46	0.42	0.49	−0.07	0.17	0.19	−0.03	0.32	0.42	−0.10
1953	6.30	6.42	−0.12	2.41	2.51	−0.10	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	−0.02
1954	6.50	6.81	−0.31	2.41	2.67	−0.26	0.41	0.47	−0.05	0.17	0.17	—	0.30	0.32	−0.03
1955	6.94	7.39	−0.45	2.61	3.01	−0.40	0.44	0.54	−0.10	0.18	0.20	−0.02	0.32	0.35	−0.03
1956	7.31	7.83	−0.52	2.73	3.18	−0.45	0.47	0.49	−0.02	0.19	0.19	+0.01	0.32	0.43	−0.11
1957	7.60	8.79	−1.19	2.85	3.51	−0.65	0.55	0.49	+0.06	0.19	0.21	−0.01	0.34	0.56	−0.22
1958	7.20	8.28	−1.08	2.54	3.31	−0.77	0.42	0.51	−0.09	0.17	0.20	−0.02	0.31	0.46	−0.16
1959	7.60	8.06	−0.46	2.87	3.37	−0.50	0.50	0.53	−0.03	0.21	0.16	+0.04	0.33	0.47	−0.14
1960				*3.05*	*3.88*	*−0.82*	0.49	0.68	−0.19				0.34	0.48	−0.13
1958 I	7.35	8.40	−1.06	2.66	3.43	−0.77	0.42	0.51	−0.09	0.22	0.20	+0.02	0.30	0.48	−0.17
II	7.03	8.22	−1.19	2.44	3.29	−0.85	0.39	0.51	−0.12	0.19	0.21	−0.01	0.24	0.44	−0.20
III	6.94	7.99	−1.05	2.44	3.16	−0.73	0.37	0.52	−0.15	0.15	0.19	−0.04	0.34	0.43	−0.09
IV	7.50	8.52	−1.02	2.63	3.37	−0.73	0.48	0.50	−0.02	0.14	0.20	−0.06	0.33	0.49	−0.16
1959 I	7.31	7.45	−0.13	2.62	3.13	−0.51	0.46	0.49	−0.03	0.22	0.14	+0.08	0.28	0.48	−0.20
II	7.60	8.03	−0.42	2.83	3.39	−0.56	0.49	0.53	−0.04	0.22	0.15	+0.07	0.28	0.53	−0.26
III	7.49	8.10	−0.60	2.83	3.33	−0.51	0.45	0.53	−0.08	0.17	0.16	+0.01	0.35	0.42	−0.07
IV	7.98	8.66	−0.68	3.21	3.63	−0.42	0.60	0.57	+0.03	0.20	0.19	+0.01	0.40	0.43	−0.04
1960 I	*8.03*	*8.52*	*−0.49*	*3.18*	*3.71*	*−0.53*	0.54	0.62	−0.08	0.28	0.18	+0.10	0.33	0.44	−0.11
II	*8.18*	*9.12*	*−0.94*	*3.11*	*3.93*	*−0.82*	0.49	0.65	−0.16	0.23	0.18	+0.04	0.31	0.52	−0.21
III				*2.92*	*3.95*	*−1.03*	0.43	0.72	−0.29	0.19	0.20	−0.02	0.33	0.49	−0.15
IV				*3.01*	*3.92*	*−0.91*	0.50	0.72	−0.22				0.39	0.46	−0.06

$ billion, quarterly averages

	South Africa			Latin America excluding Venezuela			Oil producing countries						Others (excluding oil producers)		
							Sterling			Non-Sterling					
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	0.15	0.40	−0.25	1.36	1.35	—	0.12	0.12	—	0.58	0.47	+0.11	0.88	1.27	−0.39
1949	0.16	0.34	−0.18	1.15	1.15	—	0.14	0.13	+0.02	0.65	0.48	+0.17	0.88	1.37	−0.49
1950	0.17	0.25	−0.08	1.41	1.24	+0.17	0.19	0.14	+0.05	0.72	0.46	+0.26	1.01	1.22	−0.21
1951	0.22	0.38	−0.15	1.61	1.77	−0.16	0.26	0.16	+0.10	0.83	0.55	+0.28	1.37	1.68	−0.31
1952	0.22	0.34	−0.12	1.40	1.71	−0.31	0.29	0.17	+0.12	0.77	0.59	+0.18	1.21	1.84	−0.63
1953	0.23	0.35	−0.12	1.54	1.41	+0.14	0.31	0.19	+0.12	0.81	0.59	+0.22	1.23	1.72	−0.50
1954	0.26	0.36	−0.10	1.55	1.60	−0.05	0.34	0.21	+0.13	0.94	0.65	+0.29	1.27	1.69	−0.43
1955	0.26	0.37	−0.11	1.53	1.62	−0.09	0.39	0.22	+0.16	1.07	0.72	+0.35	1.35	1.82	−0.47
1956	0.30	0.38	−0.09	1.63	1.67	−0.04	0.40	0.22	+0.18	1.16	0.81	+0.35	1.39	1.94	−0.55
1957	0.32	0.42	−0.10	1.57	1.87	−0.30	0.44	0.25	+0.20	1.25	1.02	+0.23	1.48	2.14	−0.67
1958	0.28	0.43	−0.15	1.47	1.73	−0.27	0.50	0.25	+0.24	1.31	0.96	+0.35	1.38	2.02	−0.64
1959	0.31	0.38	−0.07	1.49	1.59	−0.10	0.49	0.26	+0.23	1.30	0.93	+0.37	1.44	1.90	−0.46
1960	0.31	0.43	−0.11	*1.57*	*1.76*	*−0.19*									
1958 I	0.29	0.48	−0.19	1.46	1.67	−0.21	0.49	0.25	+0.23	1.29	0.99	+0.30	1.44	2.05	−0.61
II	0.29	0.45	−0.16	1.46	1.76	−0.30	0.50	0.25	+0.24	1.24	0.92	+0.31	1.40	2.00	−0.60
III	0.26	0.40	−0.14	1.42	1.76	−0.34	0.50	0.25	+0.24	1.31	0.91	+0.40	1.27	1.90	−0.63
IV	0.28	0.38	−0.09	1.53	1.74	−0.21	0.51	0.26	+0.25	1.39	1.01	+0.38	1.43	2.14	−0.71
1959 I	0.28	0.36	−0.08	1.45	1.33	+0.10	0.49	0.26	+0.24	1.39	0.96	+0.43	1.35	1.74	−0.39
II	0.31	0.39	−0.08	1.53	1.59	−0.06	0.48	0.26	+0.22	1.22	0.89	+0.33	1.54	1.90	−0.36
III	0.30	0.36	−0.06	1.57	1.73	−0.16	0.49	0.26	+0.23	1.25	0.88	+0.36	1.36	1.89	−0.53
IV	0.34	0.39	−0.05	1.39	1.68	−0.29	0.49	0.27	+0.22	1.36	0.98	+0.38	1.52	2.09	−0.57
1960 I	0.32	0.42	−0.09	*1.50*	*1.61*	*−0.11*	*0.49*	*0.27*	*+0.23*	*1.35*	*0.88*	*+0.48*	*1.50*	*2.05*	*−0.55*
II	0.33	0.45	−0.12	*1.62*	*1.81*	*−0.19*							*1.59*	*2.16*	*−0.57*
III	0.30	0.44	−0.14	*1.64*	*1.82*	*−0.18*							*1.25*	*2.03*	*−0.78*
IV	0.30	0.41	−0.11	*1.53*	*1.82*	*−0.29*									

Table 20. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K. From outside	OEEC. incl. U.K. Intra-trade	Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
1950	92	90	92	84	72	90	88	84	98	87	88	84	78	82	82
1951	91	101	98	92	75	101	111	112	123	114	101	99	98	96	122
1952	96	93	96	90	90	100	105	110	113	111	100	104	103	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	107	112	123	109	103	99	98	99	99	99	98	94	97
1955	103	113	120	127	152	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	136	171	143	104	104	102	99	103	105	101	100	96
1957	115	116	138	145	192	151	105	106	103	104	107	110	103	102	97
1958	119	116	139	144	205	150	100	98	95	95	106	109	103	98	91
1959	142	124	146	165	247	147	98	97	91	88	107	108	100	90	91
1960	*136*	140			*293*	*176*	*100*	98	91	91	*108*	110	101	*94*	94
1957 I	113	119	142	145	184	163	107	109	104	106	107	109	103	103	99
II	111	115	140	143	183	164	106	109	105	105	107	109	104	103	98
III	115	113	132	140	191	139	105	105	104	105	107	111	103	103	97
IV	120	116	138	153	210	139	104	101	101	100	108	110	103	98	95
1958 I	115	114	138	140	197	160	102	98	98	96	107	109	104	98	93
II	115	112	136	142	190	163	101	98	96	95	106	109	103	99	91
III	115	115	136	141	208	134	100	97	93	96	105	109	102	98	90
IV	131	122	146	154	227	143	99	98	93	94	106	108	101	96	89
1959 I	134	118	139	146	209	140	98	97	92	87	107	108	101	87	89
II	144	125	148	161	243	151	98	96	90	88	107	108	101	90	90
III	143	121	144	159	252	132	98	97	90	88	107	107	100	90	91
IV	146	132	159	190	284	166	99	99	90	89	108	109	100	92	93
1960 I	142	138	173	190	276	184	100	99	91	90	108	110	100	95	94
II	141	142	171	194	290	179	100	98	92	90	107	110	101	95	94
III	132	136	168	190	285	159	100	97	91	93	108	110	101	94	94
IV	*131*	142			323	*183*	*100*	98	90	*90*	*108*	110	102	*93*	95

Table 21. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)		U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)
	Index numbers, 1953 = 100							*$ bn., quarterly averages*	*Per cent of total value*					
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	118	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	89	95	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	124	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	149	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	202	128	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	213	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1959	157	117	122	234	170	303	160	11.3	21.2	17.3	19.1	9.2	6.7	26.5
1960			129	*267*	*194*	*344*		*13.2*	*21.6*	*16.0*	*19.2*	*9.7*	*6.9*	*26.6*
1957 I	144	135	125	183	134	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	199	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	130	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	116	205	149	263	140	10.2	23.1	18.4	18.3	8.7	6.2	25.2
II	158	123	125	230	174	290	157	11.4	21.9	17.8	18.7	9.5	6.4	25.8
III	155	115	117	232	159	305	161	11.1	21.1	16.8	19.6	8.8	6.9	26.8
IV	174	117	130	269	198	352	183	12.7	19.3	16.6	19.9	9.8	7.1	27.5
1960 I	*173*	127	134	254	208	294	*179*	12.8	20.8	17.0	18.8	10.6	6.1	26.7
II	*177*	139	133	257	193	328	*181*	13.2	23.0	16.5	18.5	9.6	6.5	25.9
III	*173*	131	120	260	173	354	*184*	12.6	21.8	15.4	19.2	9.0	7.4	27.1
IV			129	*299*	*202*	*401*		*14.0*	*21.0*	*15.0*	*20.2*	*9.6*	*7.4*	*26.8*

(a) Excluding special category. (b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

Table 22. The United States[a]

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders				
	$ billion, at constant 1954 prices									*$ billion at current prices*			*per cent*	*millions*	*1954 = 100*
1950	79.5	8.25	46.2	5.4	5.88	3.88	8.30	1.80	0.05	26.41	30.95	*4.6*	5.0	59.96	89.5
1951	85.5	7.30	47.4	9.8	6.03	3.23	8.80	2.43	0.55	31.13	38.03	*5.0*	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.3	6.13	3.20	8.75	0.65	0.05	32.81	35.06	*5.3*	2.7	61.04	98.9
1953	92.3	8.28	50.5	14.7	6.38	3.40	9.13	0.13	−0.23	37.13	33.10	*5.6*	2.5	61.95	99.7
1954	90.8	8.10	51.4	11.9	6.93	3.85	8.78	−0.40	0.25	33.71	30.47	*6.3*	5.0	60.89	100.0
1955	98.2	9.90	54.1	10.9	7.43	4.55	9.55	1.53	0.23	39.24	41.56	*7.6*	4.0	62.94	99.7
1956	100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
1957	102.2	9.63	58.2	10.8	8.05	3.83	10.28	0.40	0.95	42.48	39.26	8.0	4.3	65.01	104.7
1958	100.3	8.90	59.5	11.1	8.70	4.05	8.58	−0.55	0.05	37.21	36.43	8.8	6.8	63.97	107.6
1959	107.0	10.20	62.2	10.9	9.15	4.85	9.08	1.30	−0.60	43.57	44.81	9.1	5.5	65.58	108.6
1960	*109.8*	*10.31*	*64.0*	*10.4*	*9.72*	*4.48*	*9.82*	*0.74*	*0.36*	*44.08*	*42.62*	9.1	5.6	66.68	110.2
1959 I	105.7	9.83	61.2	11.1	9.20	4.83	8.65	1.70	−0.68	41.81	44.14	9.1	6.0	63.09	107.8
II	108.6	10.40	62.1	11.1	9.20	5.10	9.08	2.53	−0.95	46.45	47.17	9.7	5.1	66.12	108.4
III	106.6	10.30	62.4	10.9	9.25	4.90	9.28	—	−0.43	43.51	44.21	9.1	5.4	67.06	108.9
IV	107.3	10.28	62.9	10.6	9.05	4.58	9.30	0.95	−0.38	42.54	43.59	8.8	5.8	66.06	109.3
1960 I	110.1	10.45	63.3	10.5	9.45	4.58	9.53	2.45	−0.03	46.29	43.63	8.4	5.1	64.27	109.4
II	110.6	10.48	64.1	10.5	9.65	4.55	9.95	1.20	0.18	44.94	43.49	8.8	5.1	67.32	110.0
III	109.5	10.05	64.2	10.3	9.80	4.50	10.00	0.15	0.55	43.73	42.87	9.3	5.7	68.24	110.4
IV	*109.3*	*10.25*	*64.6*	*10.4*	*10.00*	*4.30*	*9.80*	*−0.85*	*0.75*	*41.38*	*40.48*	10.1	6.5	66.90	111.0
November										41.25	40.41	9.7	6.3	67.20	111.0
December										*40.66*	*39.80*	10.5	6.8	66.00	111.1
1961 Jan.										*39.48*	*38.90*		6.6	64.50	
February													*6.8*	*64.60*	

(a) The U.S. index of industrial production is shown in table 17. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour force.

Table 23. Balance of payments : United Kingdom and sterling area

£ million

	U.K. current transactions				U.K. long-term capital		Balancing item	U.K. short-term capital, etc.				Sterling-area balance with non-sterling world		
								Overseas sterling holdings					Overseas sterling area	
	Imports	Exports	Invisibles	Balance	Inter-Government etc.	Other		Countries		Non-territorial	Reserves (a)	Other short-term capital	U.K. current balance	Current balance	Net capital receipts
								Sterling area	Other						
1952	2,959	2,831	+355	+227	—	−180	+ 48	−103	−255	+ 1	+175	+87	−121	− 75	+257
1953	2,896	2,677	+398	+179	− 31	−210	+ 45	+233	+ 41	− 56	−240	+39	+ 27	+146	+151
1954	3,020	2,825	+399	+204	− 20	−220	+ 19	+107	+103	− 35	− 87	−71	− 56	+ 22	+152
1955	3,432	3,076	+264	− 92	− 53	−130	+119	− 58	− 69	− 7	+229	+61	−287	+ 7	+136
1956	3,466	3,402	+256	+192	− 51	−190	+112	− 34	−120	+200(b)	− 42(b)	−67	−154	+ 59	+158
1957	3,570	3,543	+256	+229	+ 67 (c)	−250	+161	−122	− 27	− 24	− 13(c)	−21	−131	−184	+141
1958	3,341	3,432	+254	+345	− 49	−210	+127	− 89	+169	− 22	−284	+13	− 89	−330	+374
1959	3,616	3,556	+199	+139	−353 (e)	−200	+ 42	+185	− 31	+ 82(d) (e)	+119(d) (e)	+17	− 84	− 14	+315
1960								−224	+604	−156	−177				
1958 I	831	886	+ 83	+138	− 1	− 30	+100	− 69	+ 39	+ 5	−177	− 5	−12	+ 38	
II	802	837	+ 50	+ 85	− 15	− 70	+ 56	− 2	+ 33	− 19	−110	+42			
III	848	839	+ 93	+ 84	+ 3	− 60	− 17	− 45	+ 39	+ 5	− 15	+ 6	−77	+ 6	
IV	860	870	+ 28	+ 38	− 36	− 50	− 12	+ 27	+ 58	− 13	+ 18	−30			
1959 I	864	851	+ 33	+ 20	− 19	− 20	+ 78	+ 55	− 71	− 85(d)	− 25(d)	+67	+30	+ 4	+200
II	887	903	+ 80	+ 96	−178 (e)	− 50	− 29	+ 75	− 33	+171(e)	− 12(e)	−40			
III	894	853	+ 84	+ 43	− 19	− 60	+ 16	+ 28	+ 36	− 4	− 40	—	−114	− 18	+115
IV	971	949	+ 2	− 20	−137(f)	− 70	− 23	+ 27	+ 37	—	+196(f)	−10			
1960 I	972	984	+ 32	+ 44	− 17	− 30	+ 30	− 34	+ 19	− 17	− 16	+21	−82	− 91	+147
II	996	957	+ 30	− 9	− 21	− 70	+ 35	+ 4	+118	− 27	− 40	+10			
III	1,009	876	+ 32	−101	− 15	+41		− 97	+226	− 57	− 77	+80			
IV								− 97	+241	− 55	− 44				

(a) A plus sign denotes a fall in the reserves and a minus sign a rise.
(b) U.K. acquired U.S. dollars to the value of £201 million from the International Monetary Fund (I.M.F.) in exchange for sterling.
(c) U.K. borrowed £89 million from Export/Import Bank.
(d) U.K. repurchased from I.M.F. with U.S. dollars, sterling to the value of £71 million.
(e) U.K. paid to I.M.F. a subscription of £232 million (£174 million in sterling and £58 million in gold).
(f) U.K. repaid £89 million to Export/Import Bank.

	Current U.K. import prices				Exports, primary producers	Exports, overseas sterling area	Exports, Latin America	Agricultural exports of primary producers			Can. $ per 60 lb.	U.S. cents per lb.	Indian rupees per lb.	U.S. cents per lb.	U.S. cents per lb.	d. per lb.	U.S. cents per lb.	Merino	Cross-bred	£ per ton	Index
	Total	Food, tobacco	Industrial materials	Fuels				Total	Food	Non-food								d. per lb.	d. per lb.		
	1957 = 100										Average of daily or weekly prices										1954 = 100
1950	..	..	..	..	..	..	..	..	..	..	2.13	4.96	2.30	50.5	32.2	33.3	37.0	164	91	179	66
1951	..	..	..	..	..	..	..	..	..	..	2.33	5.68	2.24	54.2	35.6	50.8	42.3	199	126	220	99
1952	..	..	..	..	..	..	..	..	..	..	2.16	4.16	1.64	54.0	35.6	28.4	39.7	126	64	259	109
1953	..	..	..	..	..	..	..	..	..	..	1.86	3.41	2.00	57.9	37.3	19.9	33.8	147	75	254	99
1954	..	..	..	..	..	..	..	..	..	..	1.73	3.26	3.18	78.7	58.2	20.2	35.1	128	77	249	100
1955	..	..	..	..	..	..	..	..	..	..	1.74	3.24	3.05	57.1	37.3	33.6	34.6	107	75	351	109
1956 1st half	..	..	..	..	..	..	..	..	..	..	1.74	3.32	2.12	56.0	27.1	28.0	36.4	105	72	370	110
1956 III	102.3	105.3	104.0	90.5	102.8	101.9	105.0	99.7	100.4	98.6	1.73	3.34	2.99	60.0	28.2	26.2	34.7	118	75	297	109
IV	105.6	107.5	105.5	101.6	104.9	104.8	104.0	103.2	102.3	104.8	1.70	3.87	3.00	60.4	26.7	30.3	34.5	124	80	279	109
1957 I	105.5	104.4	104.5	111.0	104.6	103.7	104.5	105.1	105.3	105.0	1.69	5.86	2.56	60.3	23.1	27.0	35.2	133	84	250	111
II	101.8	101.3	102.6	100.7	102.3	102.6	102.9	103.2	102.0	105.0	1.65	6.23	2.17	57.8	27.2	27.0	35.4	137	90	236	110
III	98.5	99.2	99.2	94.8	98.9	99.6	98.2	99.7	99.6	99.8	1.62	4.65	2.91	54.4	32.2	26.4	35.1	125	84	207	110
IV	94.3	95.2	93.7	93.6	94.2	94.1	99.5	93.4	95.2	90.4	1.61	3.84	2.51	54.1	39.6	24.0	35.7	105	74	185	109
1958 I	94.1	97.0	91.9	92.8	91.9	93.0	90.8	92.1	95.7	86.5	1.64	3.37	2.27	54.6	43.5	22.9	36.1	98	65	168	107
II	94.6	100.2	90.6	91.4	91.6	93.4	89.5	91.2	96.3	83.1	1.61	3.45	2.56	50.3	46.8	22.3	36.3	95	58	183	104
III	95.2	101.5	90.6	91.7	91.0	92.2	89.2	90.0	95.0	82.2	1.64	3.49	3.09	45.9	45.7	23.6	36.3	86	56	205	101
IV	95.7	102.8	90.8	91.1	90.3	91.4	87.3	88.2	92.9	80.6	1.64	3.48	2.35	43.5	41.5	25.2	36.1	76	56	233	97
1959 I	94.5	101.9	90.3	87.4	88.9	91.4	83.8	86.5	90.7	79.7	1.68	3.14	2.12	39.5	37.7	25.5	35.7	76	58	238	95
II	94.7	100.0	93.7	84.6	92.6	96.6	85.6	91.2	91.6	90.8	1.68	2.88	2.18	37.0	37.6	28.5	36.1	93	67	235	95
III	96.0	102.8	94.4	83.8	93.2	97.2	86.9	92.1	90.5	94.5	1.66	2.86	2.73	36.3	37.3	31.1	33.6	98	71	228	95
IV	98.0	104.2	97.9	83.6	94.6	99.1	86.3	93.1	90.4	97.3	1.65	3.01	2.54	36.0	34.1	35.2	32.9	96	74	249	97
1960 I	97.9	102.7	99.0	83.1	95.5	99.0	86.7	93.5	90.5	98.4	1.66	3.01	2.33	36.7	28.6	34.6	33.3	93	73	259	102
II	96.5	99.1	99.7	82.3	95.5	99.7	86.4	93.1	88.2	101.1	1.68	3.02	2.24	37.4	28.1	37.6	34.2	95	74	254	105
III	96.5	102.3	96.9	81.7	93.3	96.5	86.9	89.8	88.1	92.7	1.66	3.27	2.96	36.4	28.5	30.0	33.0	84	67	245	107
November	95.0	101.0	94.9	80.9	90.9	96.0	82.9	87.0	85.5	89.4	1.64	3.25	2.63	36.5	28.1	25.8	32.3	84	68	226	107
December	93.2	96.5	94.7	81.2	89.7	93.3	83.1	84.3	82.2	87.6	1.66	3.25	2.55	36.1	25.6	25.4	32.3	83	67	231	107
1961 Jan.	93.0	96.5	94.6	81.3	88.7	93.4	81.2	83.3	82.3	84.7	1.68	3.25	2.52	36.3	23.5	24.8	32.3	82	67	220	107
February	92.6	94.2	95.4	81.6	88.9	94.2	81.3	84.3	82.0	87.8	1.67	3.17	2.47	37.3	21.9	24.3	*33.0*	86	67	222	*107*

(a) See *National Institute Economic Review*, No. 1, page 32, and No. 5, pages 69-70.

Table 25. Gold and foreign exchange reserves (a)

$ billion

	Industrial countries											Primary producing countries									
	Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Nether-lands	Belgium	Japan	Total	Sterling area countries	Aus-tralia	New Zealand	India	Pakistan	South Africa	Malaya	Oil pro-ducers	Latin America excl. Venezuela
1954	37.21	21.79	1.95	2.76	9.97	2.00	1.26	0.93	1.11	0.87	0.74	11.13	5.12	0.94	0.24	1.78	0.36	0.42	0.40	0.89	2.66
1955	38.10	21.75	1.91	2.12	11.55	2.40	1.91	1.17	1.11	0.96	0.77	11.01	4.75	0.67	0.18	1.79	0.40	0.36	0.48	1.02	2.67
1956	38.99	22.06	1.94	2.13	11.92	3.40	1.18	1.24	0.96	0.97	0.94	11.35	4.52	0.71	0.19	1.36	0.41	0.37	0.46	1.53	2.73
1957	40.01	22.86	1.84	2.27	12.52	4.10	0.65	1.35	0.97	1.00	0.52	10.70	4.13	1.05	0.14	0.87	0.36	0.29	0.43	1.95	2.37
1958 I	40.56	22.49	1.88	2.77	12.79	4.07	0.70	1.40	1.15	1.07	0.63	*10.09*	3.95	1.03	0.12	0.81	0.35	0.25	0.42	1.76	*2.15*
II	40.46	21.41	1.93	3.08	13.32	4.19	0.76	1.45	1.20	1.19	0.72	*9.77*	3.70	0.98	0.14	0.70	0.34	0.21	0.42	1.81	*2.09*
III	41.20	20.93	1.90	3.12	14.50	4.45	0.95	1.82	1.25	1.28	0.76	*9.43*	3.57	0.90	0.16	0.63	0.31	0.25	0.42	1.59	*2.10*
IV	41.82	20.58	1.95	3.07	15.36	4.60	1.05	2.08	1.39	1.34	0.86	9.80	3.77	0.91	0.19	0.64	0.31	0.32	0.46	1.59	2.06
1959 I	41.80	20.49	1.90	3.14	15.30	4.10	1.25	2.25	1.42	1.30	0.97	10.05	3.97	0.90	0.22	0.70	0.34	0.33	0.46	1.60	2.15
II	42.60	19.75	1.94	3.17	16.03	4.14	1.63	2.52	1.37	1.36	1.11	10.07	4.03	0.97	0.25	0.65	0.37	0.34	0.46	1.53	2.21
III	42.47	19.58	1.95	3.28	16.45	3.98	1.86	2.91	1.38	1.33	1.21	10.15	4.14	0.94	0.27	0.63	0.38	0.38	0.48	1.37	2.27
IV	42.24	19.51	1.88	2.74	16.80	4.53	1.72	2.95	1.35	1.22	1.32	10.37	4.33	1.00	0.22	0.69	0.40	0.43	0.52	1.21	2.31
1960 I	42.26	19.46	1.86	2.78	16.80	4.68	1.85	2.83	1.40	1.29	1.36	10.61	4.34	1.01	0.23	0.66	0.42	0.41	0.53	1.16	2.47
II	43.53	19.36	1.78	2.89	18.04	5.54	1.99	2.90	1.47	1.35	1.45	10.60	4.16	1.02	0.30	0.58	0.40	0.31	0.54	1.07	2.60
III	44.68	18.73	1.82	3.11	19.36	6.34	2.11	3.08	1.56	1.22	1.66	*10.23*	*3.88*	0.85	0.28	0.54	0.39	0.27	0.54	1.02	2.52
October	44.93	18.44	1.85	3.14	19.78	6.57	2.14	3.06	1.63	1.28	1.72	*10.13*	*3.79*	0.81	0.25	0.55	0.39	0.25	0.54	1.07	*2.48*
November	44.53	17.95	1.85	3.17	19.81	6.60	2.07	3.06	1.63	1.34	1.76	*9.99*	*3.74*	0.78	0.21	0.54	0.40	0.24	0.54	1.01	*2.46*
December	*45.05*	17.80	1.84	3.23	*20.35*	6.74	2.07	3.08	1.75	1.42	1.82		*3.68*	0.75	0.18	0.57	0.41	0.24	0.54		
1961 Jan.		17.48	1.90	3.25	*20.18*	6.66	2.14	2.97	1.69	1.44	1.88			*0.74*	*0.15*	0.56	0.43	0.25			
February		*17.41*		3.19		*6.62*	2.23				1.94					*0.58*		*0.28*			

(a) At end of period.

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, West Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Oil-producing countries, sterling : British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

Oil-producing countries, non-sterling : Iraq, Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

Other primary producing countries : All primary producing countries not included elsewhere.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

Seasonal adjustments

A number of monthly and quarterly series have been adjusted to eliminate the estimated normal seasonal variations. The procedures used and the reliability of the adjustments were described in the article 'Seasonal corrections' in the September 1959 issue of the Review (No. 5), on pages 50-56. Additional seasonal correction factors were given on page 61 of the November 1959 issue (No. 6) and page 59 of the January 1960 number (No. 7). The main point to be noted is that all seasonally adjusted series must be regarded as containing a margin of uncertainty, depending in particular on the extent to which seasonal variation can be shown to have been regular in the past.

NEW OR REVISED SERIES

(*Full definitions and explanations were given in the National Institute Economic Review, number* 8, *March* 1960, *pages* 52-56. *An article on pages* 36-38 *of the Review, number* 1, *January* 1959, *explained the figures in table* 14 *for stock changes of imported commodities, and an article on pages* 32-35 *of that number explained the NIESR price index numbers in table* 24. *The notes on page* 44 *of the May issue, on page* 60 *of the July issue, on page* 54 *of the September issue, on page* 66 *of the November issue and on page* 64 *of the January issue of the Review described revisions or new figures. The notes below describe some further revisions.*)

Tables 3 and 4. Employment and unemployment

On the basis of the estimated numbers of employees at end-May 1960, derived from the annual count of National Insurance cards (*Ministry of Labour Gazette*, February 1961), the official figures of employment have been revised back to June 1959. These revisions have meant slight changes to the index numbers of employment given in table 3. Until the next annual count relating to May 1961, the series for any period later than the second quarter 1960 remain provisional.

The percentage levels of unemployment and of unfilled vacancies (tables 3 and 4) for 1960 have been recalculated using the official estimates of the numbers of employees at end-May 1960. Until similar estimates become available for May 1961, percentage levels of unemployment and unfilled vacancies have been based on the 1960 employment figures.

Table 11. Changes in the volume of stocks

The series for manufacturing and distribution have been amended in accordance with new revised figures, classified by business unit (*Board of Trade Journal*, 17 March 1961). Consequential changes in total stocks are not yet known and this series, both here and in table 1, will be amended in the May Review.